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UNDP budget estimates for the 2010-2011 biennium

Report of the Administrator

Summary

The present document contains the UNDP budget estimates and related proposals for the 2010-2011 biennium, in the results-based format. It underpins and forms an integral part of the UNDP strategic plan, 2008-2011 (extended to 2013), as approved by the Executive Board in decisions 2007/31 and 2008/15.

The estimates were formulated in line with decision 2009/22 on the methodology and approach to the UNDP 2010-2011 biennial support budget (DP/2009/30). That decision endorsed the proposed UNDP approach for 2010-2011, which focused on driving cost efficiencies, investing in the organization, and improving accountability and transparency. The decision also endorsed a broad classification and further subclassification of UNDP activities and associated costs. This approach and the underlying cost classifications form the foundation for the UNDP budget estimates for the 2010-2011 biennium. They are presented in the same format as for past bienniums to facilitate comparability (UNDP expects to present a single, fully integrated budget by 2014). As requested in decision 2007/18 on the report on the assessment of the cost recovery policy effectiveness (DP/2007/36), the present document includes information on the implementation of the cost recovery policy.

The UNDP budget estimates for the 2010-2011 biennium, in net terms, are $828.3 million; in nominal terms that represents $49.6 million more than the 2008-2009 net budget approved by the Executive Board in decision 2008/1. This balances the need to contain management costs and increase efficiency with the need to ensure accountability for the resources placed at the disposal of UNDP and the results outlined in the strategic plan. UNDP will thus achieve an unprecedented level of $69.7 million in volume reductions, largely offsetting $91.5 million in non-discretionary cost increases and resulting in a net increase of $21.6 million. $28 million in strategic investments are proposed, and an increase of $0.2 million to projected income that offsets the gross budget estimates, amounting to $75.1 million in 2010-2011, is incorporated.

The present budget estimates include $77.5 million in special-purpose activities for funding from regular resources, consisting of $72.4 million in General Assembly-mandated activities and $5.1 million in capital investments. In addition, the Administrator requests exceptional authority during 2010-2011 to disburse, if needed, up to $17.4 million in regular resources for security measures, the use of which would be limited to new and emerging security mandates as defined in the United Nations Department of Safety and Security directives.

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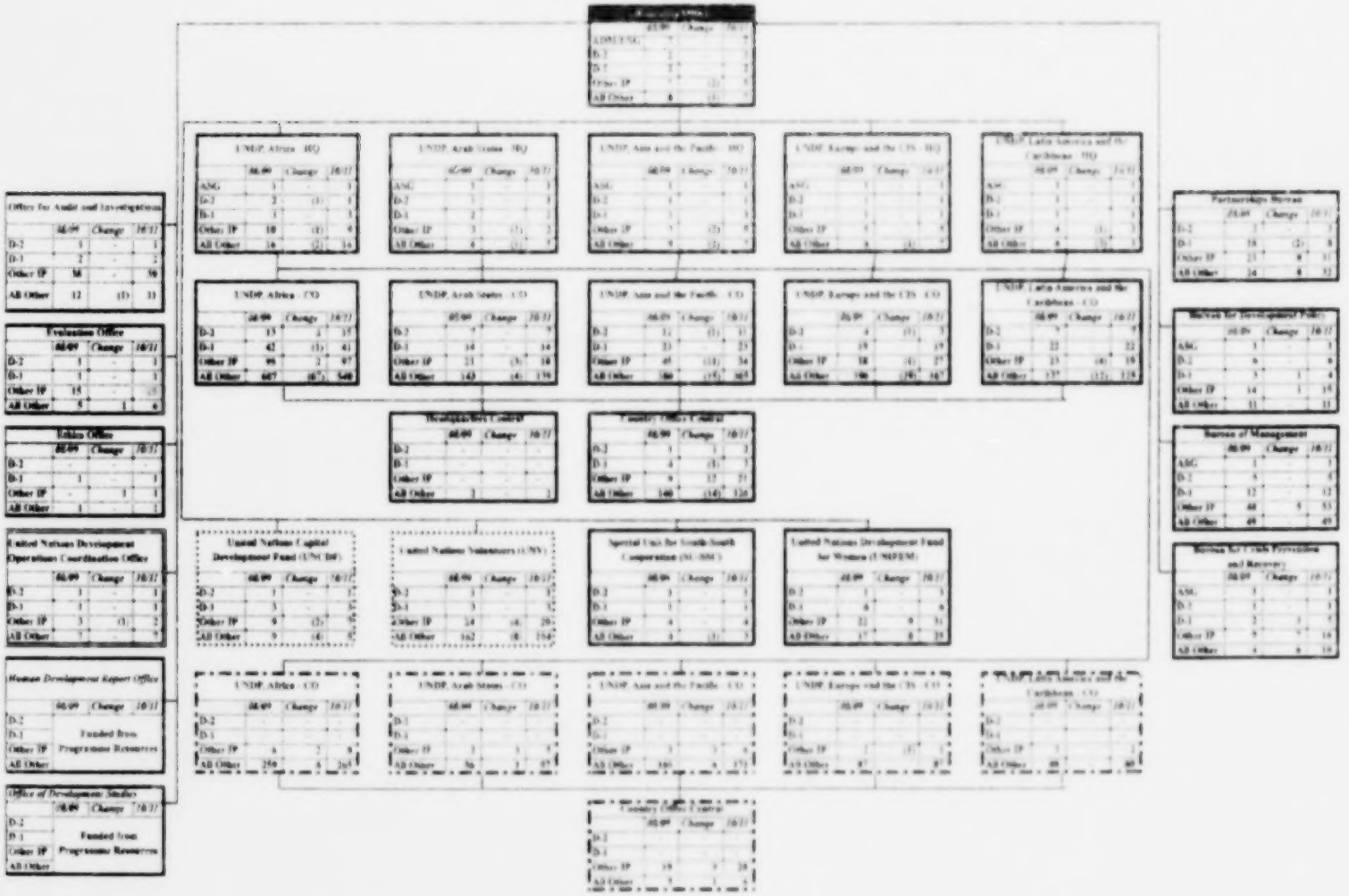
ORGANIZATIONAL CHART



Legend

- Management activities
- Development Effectiveness activities
- UN Development Coordination activities
- Special Purpose activities

Note: Four major categories of changes are reflected in this organizational chart:

(a) Reductions: 222 posts (1-D2, 1-D1, 30 other international professional, 190 "all other");

(b) Strategic investments: 72 posts (3-D1, 28 other international professional, and 41 "all other");

(c) Human resources contractual reform: 33 posts (20 other international professional and 13 "all other");

(d) Establishment of development effectiveness cost classification (50 other international professional, and 666 "all other").

Table 1. Resource plan

(in millions of dollars, nominal)

	2008-2009						2010-2011					
	Regular resources	Regular (Other income utilization) resources	Bilateral/ Multilateral resources	subtotal Donor resources	Local resources	Total resources	Regular resources	Regular (Other income utilization) resources	Bilateral/ Multilateral resources	subtotal Donor resources	Local resources	Total resources
1. Resources available												
Opening balance [a]	377.0	-	2,902.4	3,279.4	770.4	4,049.8	279.8	-	2,946.1	3,225.9	680.9	3,906.8
Income												
Contributions	2,350.0	-	5,283.4	7,633.4	2,466.6	10,100.0	2,350.0	-	4,955.9	7,305.9	2,216.7	9,522.6
Other [b]	-	74.9	60.0	134.9	86.0	220.9	-	75.1	49.5	124.6	22.2	146.8
Reimbursement for services to other United Nations organizations	-	-	25.9	25.9	-	25.9	-	-	40.9	40.9	-	40.9
Total available	**2,727.0**	**74.9**	**8,271.7**	**11,073.6**	**3,323.0**	**14,396.6**	**2,629.8**	**75.1**	**7,992.4**	**10,697.3**	**2,919.8**	**13,617.1**
2. Use of resources												
Development activities												
A.1 Programmes	1,504.5	-	4,956.0	6,460.5	2,540.1	9,000.6	1,518.2	-	5,947.2	7,465.4	2,413.1	9,878.5
A.2 Development effectiveness	178.1	-	64.8	242.9	21.7	264.6	191.1	-	100.5	291.6	18.8	310.4
Subtotal development activities (A.1 + A.2)	**1,682.6**	**-**	**5,020.8**	**6,703.4**	**2,561.8**	**9,265.2**	**1,709.3**	**-**	**6,047.7**	**7,757.0**	**2,431.9**	**10,188.9**
United Nations development coordination activities												
B.1 United Nations development coordination	182.7	-	71.9	254.6	14.1	268.7	194.9	-	94.2	289.1	12.0	301.1
B.2 United Nations Development Operations Coordination Office	3.9	0.3	1.6	5.8	-	5.8	3.6	0.3	1.9	5.8	-	5.8
Subtotal United Nations development coordination activities (B.1 + B.2)	**186.6**	**0.3**	**73.5**	**260.4**	**14.1**	**274.5**	**198.5**	**0.3**	**96.1**	**294.9**	**12.0**	**306.9**
Management activities												
C.1 Harmonized management activities (functions 1 - 16)	473.8	67.9	177.2	718.9	59.5	778.4	498.8	68.1	254.6	821.5	47.6	869.1
Subtotal management activities (C.1)	**473.8**	**67.9**	**177.2**	**718.9**	**59.5**	**778.4**	**498.8**	**68.1**	**254.6**	**821.5**	**47.6**	**869.1**
Special purpose activities												
Non-UNDP operations administered by UNDP												
D.1 United Nations Volunteers	33.9	6.1	14.9	54.9	-	54.9	34.8	6.1	18.3	59.2	-	59.2
D.2 United Nations Capital Development Fund	10.1	0.6	-	10.7	-	10.7	8.9	0.6	0.5	9.5	-	9.5
D.3 Reimbursable services to other United Nations organizations	-	-	25.9	25.9	-	25.9	-	-	40.9	40.9	-	40.9
Subtotal non-UNDP operations administered by UNDP (D.1 + D.2 + D.3)	44.0	6.7	40.8	91.5	-	91.5	43.7	6.7	59.2	109.6	-	109.6
General Assembly mandated costs												
E.1 United Nations mandated security costs [c]	51.2	-	13.3	64.5	6.7	71.2	58.0	-	16.7	74.7	8.3	83.0
E.2 International Public Sector Accounting Standards (IPSAS)	9.0	-	-	9.0	-	9.0	9.5	-	3.5	13.0	-	13.0
E.3 United Nations human resources contractual reform	-	-	-	-	-	-	2.2	-	-	2.2	-	2.2
E.4 United Nations system for Administration of Justice	-	-	-	-	-	-	2.7	-	-	2.7	-	2.7
Subtotal General Assembly mandated costs (E.1 + E.2 + E.3 + E.4)	60.2	-	13.3	73.5	6.7	80.2	72.4	-	20.2	92.6	8.3	100.9
Capital investments												
F.1 Headquarters telephone system replacement	-	-	-	-	-	-	4.0	-	-	4.0	-	4.0
F.2 Atlas Human Resource module upgrade	-	-	-	-	-	-	1.1	-	-	1.1	-	1.1
Subtotal Capital investments (F.1 + F.2)	-	-	-	-	-	-	5.1	-	-	5.1	-	5.1
Subtotal special purpose activities (D + E + F)	**104.2**	**6.7**	**54.1**	**165.0**	**6.7**	**171.7**	**121.2**	**6.7**	**79.4**	**207.3**	**8.3**	**215.6**
Total use of resources (A+B+C+D+E+F)	**2,447.2**	**74.9**	**5,325.6**	**7,847.9**	**2,642.1**	**10,489.8**	**2,527.8**	**75.1**	**6,477.8**	**9,080.7**	**2,499.8**	**11,580.5**
3. Balance of resources	**279.8**	**-**	**2,946.1**	**3,225.9**	**680.9**	**3,906.8**	**102.0**	**-**	**1,514.6**	**1,616.6**	**420.0**	**2,036.6**

a. Opening balances for 2008/2009 have been revised to reflect actual amounts recorded in the UNDP 2006-2007 audited financial statements.

b. Includes interest and miscellaneous income, and income to the biennium budget (comprising government local office cost contributions, accounting linkage to offset tax reimbursements and United Nations Volunteers income to the biennial budget).

c. The earmarking for United Nations mandated security costs has been updated to reflect Executive Board decision 2008/1. It reflects the amounts stated in DP 2008/CRP.2.

I. Executive summary

1. The Administrator has determined that during the 2010-2011 biennium, the highest priority for UNDP will be working effectively with programme countries to reduce poverty and achieve the Millennium Development Goals, while incorporating the response to climate change into all development activities. A more coherent, efficient United Nations system, with greater impact at the country level, is another high priority for which UNDP will continue to provide leadership and direction. Since managing for results is critical, the Administrator has also prioritized improving transparency and accountability throughout UNDP, with a major emphasis on reducing operational costs; enhancing the quality of development, management and coordination services; monitoring related performance; and reporting on results.

2. The present biennial support budget estimates and related proposals of the Administrator support the above priorities. They are also reflective of decisions 2007/32 and 2008/15 of the Executive Board, which approved the UNDP strategic plan, 2008-2011 (extended to 2013), setting the overall direction for UNDP operations in support of programme countries. Poverty reduction and the achievement of the Millennium Development Goals are at the centre of the UNDP agenda. General Assembly resolution 63/232, on operational activities for development, reaffirmed the role that UNDP plays on behalf of the United Nations system in managing the resident coordinator function. Interventions with system-wide impact will be strengthened. In its decision 2009/22, the Executive Board endorsed an approach for the 2010-2011 biennial support budget based on increased cost efficiency, strategic organizational investments, and improved transparency and accountability.

II. Strategic and financial context

A. Strategic framework

3. The strategic plan sets the direction and priorities for UNDP operations in support of programme countries. Resources are mobilized and allocated in support of the four pillars of the plan — programme activities, effective programme implementation (development effectiveness), United Nations development coordination, and management function. Programme activities are directly funded through the programming arrangements and other ('non-core') resources earmarked from trust fund and cost sharing agreements. The UNDP budget estimates for the 2010-2011 biennium largely fund the second, third and fourth pillars.

4. UNDP fulfils two mutually reinforcing roles: (a) provision of policy and technical support to programme countries facing the multi-sectoral challenges of poverty eradication, democratic governance, crisis prevention and recovery, and environment and sustainable development; and (b) coordination of operational activities of the United Nations system at the country level, in accordance with General Assembly resolutions. The UNDP biennial support budget estimates for 2010-2011 fund the human resources and operational infrastructure required to fulfil those roles.

5. UNDP fulfils its multiple roles by providing demand-driven development, coordination and management services funded from regular and other resources. In response to the needs of programme countries, UNDP delivers results-based development programmes and advisory services in its focus areas. UNDP provides high quality policy advice and capacity development support while ensuring that underlying management functions and structures are in place and are operating effectively. While two separate frameworks are approved by the Executive Board, there is a critical link

between the management functions and programme delivery: a weak management structure would have a negative effect on programme results.

6. The extended strategic plan emphasizes accountability for development results, which underlies all of the work of UNDP. The approval of the UNDP accountability framework in 2008 was a major accomplishment, requiring enhanced reporting to the Executive Board and UNDP partners, internal monitoring of performance against plans and budgets, and internal compliance with UNDP operational policies and procedures. The accountability framework builds on a dynamic cycle of planning, performance monitoring and results reporting that reflects the principles of ethics, risk management and learning, reflecting the inextricable link between management functions and development results and the importance of a strong management structure.

7. The human resources of UNDP, and the multi-faceted expertise they provide to the organization, are paramount to supporting programme countries and promoting human development-centred policies and programmes. As highlighted in the extended strategic plan, strategic human resources management is a priority for the Administrator. UNDP will strengthen strategic human resources management so that skills mix and staff capacity mirror institutional requirements. The present demographic makeup of UNDP indicates a high retirement rate over the next several years. Talent management — including succession planning, career development and staff retooling — therefore warrants special attention. UNDP seeks to enhance its ability to attract, retain and develop talent through proactive workforce planning and management. Strengthened learning in substantive programmatic areas, and leadership, management and professional certification programmes, will enhance staff capacity to implement the strategic plan effectively.

8. The results framework of the biennial support budget is an integral part of the UNDP results-based management system. The results proposed in chapter III, section E of this document are anchored in the institutional results framework of the extended strategic plan. They build on results achieved in 2008 as well as those contained in the report on the operationalization of the UNDP strategic plan, 2008-2011 (DP/2009/11). That report highlighted key achievements, such as: the approval of the UNDP accountability system, which underscored a commitment to results- and risk-based performance management; the implementation of an enterprise risk management system; an 11 per cent increase in the number of country offices fully compliant with the minimum operating security standards; a 3 per cent improvement in the overall representation of women in the organization; and strengthened talent management reflected in a 21 per cent increase in the number of institutional certifications. More information on 2008-2009 achievements is provided in chapter III, section E, under the 'issues and narrative' subsection of each function.

9. Executive Board decision 2009/22 recommended that, to improve transparency, accountability and reporting on results, UNDP adopt four broad classifications of activities: (a) development; (b) management; (c) United Nations development coordination; and (d) special purpose. That recommendation was based on assessments showing that earlier categories used to present budgetary data for information and decision-making purposes did not support a logical or consistent attribution of activities and costs within, and between, the biennial support budget and the programming arrangements framework.

10. Assessments also found that while, in principle, the biennial support budget should only fund management functions, in practice it funded a combination of management functions, development effectiveness activities, special purpose activities and the bulk of United Nations development coordination activities. Similarly, the principle that the programming arrangements framework should fund only development activities,

differed from reality in that the framework did not contain all development effectiveness activities. In addition, it did not sufficiently differentiate programme activities from development effectiveness activities.

11. The full implementation of decision 2009/22 will be gradual and span the 2010-2011 and 2012-2013 biennial support budgets. This should ensure further harmonization with the United Nations Children's Fund (UNICEF) and UNFPA in the attribution of costs between programme and support budgets, and in determining a common method for the treatment of similar cost items across and within respective budgets and funding frameworks. Both of these were requested by the Executive Board in the context of the 2012-2013 biennial support budget. A single, integrated budget for each organization is envisaged by 2014.

B. Financial framework

Overview

12. UNDP needs an adequate, predictable base of regular resources in order to support programme countries in achieving their development goals. Every effort is being made to sustain – or increase – donor contributions and expand the donor base. However, the global economic crisis and the volatile exchange rate environment pose challenges, especially with respect to the strategic direction and sustainability of the organization, and its ability to support the development goals of programme countries. The strategic plan could be at risk if voluntary contribution levels fail to reach the targets established in the integrated resources plan, approved by the Executive Board in decision 2007/32.

13. The Administrator is therefore proposing $28 million in strategic investments during the 2010-2011 biennium (as summarized in paragraph 17 and further discussed in paragraphs 46-63). In addition, based on a full assessment of a reasonable level of regular resource requirements for UNDP during the 2010-2011 biennium, the Administrator is proposing a net budget increase of $21.6 million. This proposal balances the need to contain management costs and increase efficiency so as to maximize the resources available for development activities, with the need to ensure accountability for the resources placed at the disposal of UNDP and the results outlined in its strategic plan. In that regard, the Administrator proposes an unprecedented level in volume reductions of $69.7 million (discussed in paragraphs 41-45), to largely offset $91.5 million in non-discretionary cost increases, discussed in paragraphs 38-40, similar to the approach taken in past bienniums. This would result in a budget with a nominal growth of $49.6 million, or 5.8 per cent.

14. The $69.7 million in volume reductions is the result of a carefully planned and implemented organizational reduction strategy, approved by the Administrator, to arrive at a reasonable and equitably distributed level of volume reductions. The majority of the proposed reductions would be at headquarters. This is partially in recognition of the critical role played by country offices supporting programme countries in achieving their development goals, the resident coordinator function, and the related coordination of United Nations development activities.

15. Any further volume reductions would impact country offices directly, since the capacity of headquarters units to absorb reductions is not unlimited. The absorption of reductions beyond the proposed level of $69.7 million would likely have negative implications for UNDP in the following ways:

(a) Programme oversight and monitoring activities would be adversely affected due to a reduced capacity to assure the adequacy of development activities and of the management functions that support them;

(b) Development effectiveness activities would be adversely affected due to a reduced capacity to ensure the timely delivery of quality development results;

(c) United Nations development coordination activities and UNDP management activities at the country office level, which are inextricably linked, would suffer reductions in critical capacities, adversely affecting the resident coordinator function;

(d) Executive management and statutory operational and reporting requirements would be compromised, as capacity to ensure compliance in those areas is already stretched; and

(e) Recent gains in finance, procurement, human resources and results-based management could be compromised due to increased issuances of unsatisfactory audit reports, inadequate safeguards over UNDP financial and physical assets, difficulty in attracting and retaining high-calibre staff and inconsistent application of improved results-based tools.

16. The estimated statutory cost increases of $91.5 million are due primarily to the impact of inflation on post adjustments and other entitlements, as well as normal within-grade salary increments and revisions. These cost increases result from United Nations system-wide standards, directives and calculations that are promulgated through the International Civil Service Commission. As such, they are non-discretionary and must be respected. However, UNDP can and will exert downward pressure on cost increases in the area of post reclassification, where it has limited proposed cost increases to $1.3 million in the 2010-2011 biennium ($5.3 million in 2008-2009). This was accomplished by freezing the number of D2 and D1-level posts.

17. The Administrator has identified several priority areas for strategic investment during 2010-2011 in response to national development and organizational priorities. These are:

(a) Achieving the Millennium Development Goals and addressing the impact of climate change, with emphasis on Africa and the least developed countries, in response to General Assembly resolution 62/208 and Executive Board decisions 2007/32, 2008/14 and 2009/9;

(b) Crisis prevention and recovery-related development activities and services in affected programme countries, in response to General Assembly resolution 62/208 and Executive Board decision 2007/4;

(c) South-South-related development activities and services between programme countries, in response to General Assembly resolution 62/208 and Executive Board decisions 2007/36 and 2008/15; and

(d) Global development services through enhanced management and sharing of knowledge, in response to General Assembly resolution 62/208.

18. The Administrator is acutely aware of several critical organization-wide initiatives that will require in-depth review and analysis during 2010-2011. Particular attention will be paid to:

(a) Integrating cost containment and efficiency gains throughout the organization as a continuous process of cost reduction;

(b) Improving human resources management to ensure that human capital requirements are comprehensively planned for and effectively met;

(c) Clarifying and confirming of the magnitude and funding of the base structure, in harmonization with other United Nations system organizations; and

(d) Reviewing and validating the cost recovery policy and its contribution to the funding of UNDP, in harmonization with other United Nations system organizations.

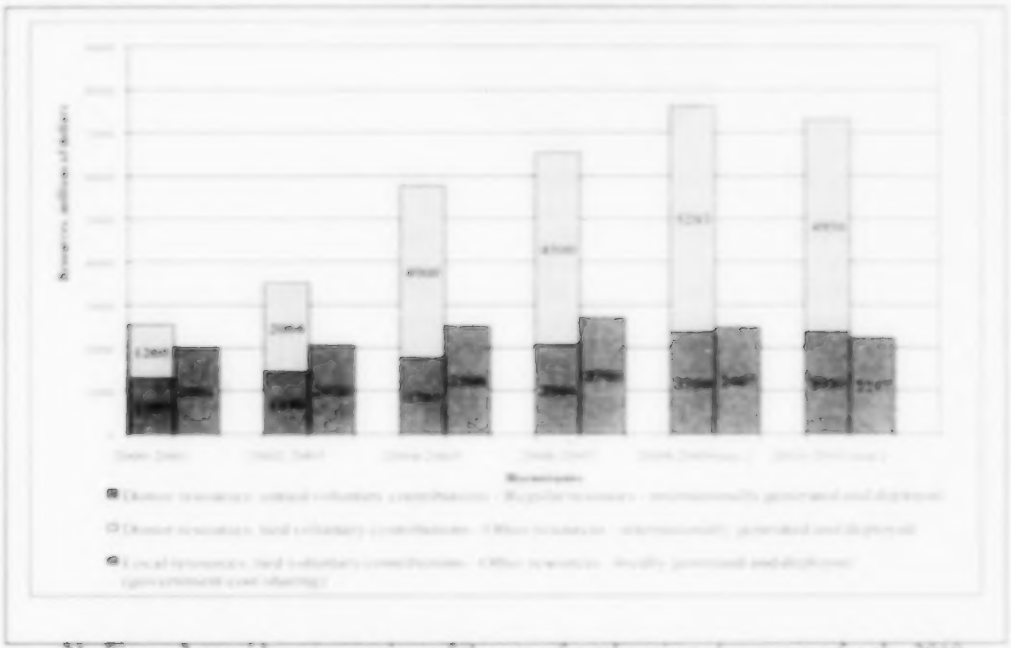
19. The Administrator proposes that these and other emerging priorities be addressed in consultation with the Executive Board during the 2010-2011 biennium, after which they would be incorporated into the support budget proposals for the 2012-2013 biennium.

Resource projections

20. Figure 1 provides an overview of actual and estimated contributions, by funding category, over six bienniums. In nominal terms, regular donor resources are projected at $2.3 billion, unchanged from the 2008-2009 biennium. Other donor resources, for trust funds and cost sharing, are expected to decrease nominally by about $0.3 billion (6 per cent) from $5.3 billion in 2008-2009, to $5 billion in 2010-2011. Local resources provided by host governments are also expected to decrease, by about $0.3 billion (10 per cent), to $2.2 billion. Accordingly, aggregate donor and local contributions for the 2010-2011 biennium are estimated at $9.5 billion, $0.6 billion less than 2008-2009 projections.

Figure 1. Contributions, by funding category, 2000-2001 to 2010-2011

(in millions of dollars, nominally)



21. Figure 2 provides an overview of the use of total projected resources for the 2010-2011 biennium – about $11.6 billion – of which about 88 per cent will be spent on development activities, 7.5 per cent on management activities, 2.6 per cent on United Nations development coordination activities, and 1.9 per cent on special purpose activities. In comparison, United Nations development coordination activities funded by UNDP, as a function of total United Nations system operational activities, are estimated to remain below 0.9 per cent.[1]

[1] Derived by dividing the $306.9 million in this category over two-year estimates from Economic and Social Council report E.2009/76. Estimates are based on the assumption that total expenditure for United Nations operational activities in 2007, the last year for which complete system-wide data was available, will remain constant during 2010-2011.

Figure 2. Estimated use of total resources, 2010-2011

(*Total which $0.3 billion or 2.6 per cent relates to development effectiveness activities)

22. The UNDP resource plan for 2010-2011 presented in table 1, covering both regular and other resources, outlines the integrated resource planning framework of the organization, classifying activities under the categories approved in decision 2009/22 and elaborated upon in section C of this chapter. The resource plan has three segments covering donor and local resources that reflect: (a) $13.6 billion in estimated total resources available, comprising an opening balance of $3.9 billion, contributions of $9.5 billion and other income of $0.2 billion; (b) $11.6 billion in projected use of resources, comprising development activities of $10.2 billion, United Nations development coordination activities of $0.3 billion, management activities of $0.9 billion and special purpose activities of $0.2 billion; and (c) a resource balance of approximately $2 billion.

23. Planned development expenditure for 2010-2011 is estimated at 88 per cent of total planned resources utilization, compared to the 83.3 per cent planned for use during 2008-2009. While this represents a modest planned biennium-to-biennium percentage decline, it should be viewed within the context of the nominal change in magnitude. In that regard, development expenditure for 2010-2011 is estimated to increase by $924 million, a significant 10 per cent over 2008-2009 planned levels. Similarly, planned management expenditure for 2010-2011 is estimated at 7.5 per cent of total planned resources utilization, compared to the 7.4 per cent planned for use during 2008-2009. This represents a modest biennium-to-biennium percentage increase that is nonetheless significantly lower than the planned 2010-2011 usage rates of other funds and programmes.

24. The resource plan (table 1) is supported by the accompanying tables and text in this document with respect to management activities, development effectiveness activities, United Nations development coordination activities and special purpose activities. Table 4 and summary table 4 contain budget estimates for those activities for regular and other resources, respectively. In order to 'cross-walk' amounts from those two tables to table 1, the following should be noted:

(a) The planned use of resources for development effectiveness activities during 2010-2011 total $310.4 million (table 1). It consists of: (i) $191.1 million in regular resources

$119.3 million per table 4, plus $71.8 million in regular programme resources per the proposals contained in the mid-term review of the 2008-2011 programming arrangements (DP/2010/5); and (ii) $119.3 million – ($100.5 million plus $18.8 million) in other resources per summary table 4;

(b) The planned use of resources for United Nations development coordination activities during 2010-2011 total $306.9 million (table 1). It consists of: (i) $198.5 million in regular resources, plus $0.3 million in regular resources income to the budget – $166.8 million per table 4, plus $32 million in regular programme resources per the proposals contained in the mid-term review of the 2008-2011 programming arrangements (DP/2010/5); and (ii) $108.1 million – ($96.1 million plus $12 million) in other resources – $78.1 million per summary table 4, plus $30 million in other programme resources;

(c) The planned use of resources for management activities during 2010-2011 totals $869.1 million (table 1). It consists of: (i) $498.8 million in regular resources, plus $68.1 million in regular resources income to the budget – $566.9 million per table 4; and (ii) $302.2 million – ($254.6 million plus $47.6 million) in other resources per summary table 4; and

(d) The planned use of resources for special purpose activities during 2010-2011 totals $215.6 million (table 1). For non-UNDP operations administered by UNDP, it consists of: (i) $43.7 million in regular resources, plus $6.7 million in regular resources income to the budget – $50.4 million per table 4; and (ii) $59.2 million in other resources per summary table 4. For General Assembly mandated activities and capital investments, it consists of: (iii) $77.5 million – $72.4 million, plus $5.1 million – in regular resources per section VII of table 2; and (iv) $28.5 million – $20.2 million, plus $8.3 million – in other resources as described in paragraphs 89 and 96.

25. Specific proposals and cost implications of the UNDP support budget estimates, and related proposals of the Administrator for the 2010-2011 biennium, are presented in chapter III.

C. Cost classification

Classification of activities and costs

26. The 2010-2011 biennial support budget estimates and related proposals use the four broad cost classification areas recommended in decision 2009/22: (a) development; (b) management; (c) United Nations development coordination; and (d) special purpose. The four cost classifications, briefly defined here, are reflected in the tables and text of this document. They are in large part predicated on a series of cost classification reviews, the most important of which are described in paragraphs 31-36, below.

27. *Management activities.* Management activities represent UNDP leadership and country representation; programme direction and oversight; and operations management and administration. They support the delivery of the development and institutional results outlined in the extended strategic plan.

28. *Development activities.* Development activities cover programmes and development effectiveness. Programmes represent the resource facilities available to fund country, crisis prevention and recovery, regional and global programmes and projects in UNDP focus areas. Development effectiveness activities represent UNDP functions and activities required to ensure the delivery of development results. These can be further broken down into: programme development and implementation activities; and programme policy advisory services.

29. *United Nations development coordination.* United Nations development coordination activities represent the inputs needed to support the coordination of development activities of the United Nations system. Theycan be further subdivided into in-country coordination

activities, mandated by the General Assembly as the sole responsibility of UNDP; and in-country development activities supporting UNDP participation in the United Nations country team.[2]

30. *Special purpose activities*. Special purpose activities represent activities of a cross-cutting nature that are sub-classified into three groupings: General Assembly-mandated activities, non-UNDP operations administered by UNDP; and capital investments. General Assembly-mandated activities include: United Nations-mandated security costs and costs associated with the adoption of International Public Sector Accounting Standards (IPSAS), human resources contractual reform, and the United Nations Administration of Justice system. Non-UNDP operations administered by UNDP include: the United Nations Volunteers programme, the United Nations Capital Development Fund, and reimbursable services provided to other United Nations organizations. Capital investments include new, material capital assets.

Cost classification reviews

31. The purpose of the internal UNDP country office cost classification review was to gain an improved understanding of costs and funding alignment at the country level with respect to management, development effectiveness, and United Nations development coordination activities, most of which have resided in past biennial support budgets.

32. The review took the form of a comprehensive workload study, adopting a broader approach than previous studies implemented by country offices, which provided illustrative estimates of management and United Nations development coordination activities, as well as the extent to which country office staff were engaged in development effectiveness activities. Previous workload studies had been undertaken in the context of past biennial support budget preparations to validate activities and support the distribution of time and associated costs attributable to UNDP and United Nations development coordination activities. However, the most recent expanded workload study used a simplified, activity-based costing methodology – initiated in 1992 and updated periodically – to confirm country office activities and validate the expected usage (percentage distribution) of total biennial support budget resources. This was considered a rational approach and methodology for estimating and verifying the distribution of activities and costs among management activities, development effectiveness activities and United Nations development coordination activities.

33. The functional groupings of activities and attribution of costs from the country office cost classification review exercise underscored the findings of previous studies with respect to the inextricable link between management and United Nations development coordination activities in the UNDP country office structure. It also confirmed that a similar relationship existed with development effectiveness activities. In that regard, material amounts of individual staff time were reported as being divided among those three activities.

34. The internal UNDP country office cost classification review was undertaken in March and April 2009. Over 3,000 staff members in 106 country offices participated, a broad representational sample from which sound estimates could be drawn. The review found that 27 per cent of staff time (full-time equivalents) funded from the biennial support budget at the country office level was related to United Nations development coordination activities. The balance of 73 per cent related to management activities (leadership and representation; programme direction and oversight; and operations management and administration), and development effectiveness activities (programme development and implementation activities; and programme policy advisory services).

[2] Further harmonization discussions with partner organizations are required to ensure consistency in the presentation of in-country development activities and costs supporting the participation of United Nations organizations in the country team.

35. The attribution of costs at the country level to development effectiveness activities is based on a two-step approach of the application of, and results from, the UNDP internal country office cost classification review initiative. This approach is based on an apportionment of country office costs between United Nations development coordination activities and all other activities (management and development effectiveness) using the full-time equivalent method; and a subsequent distribution of all costs between development effectiveness activities and management activities based on whole posts (predominant area of work/functional job title). The 'whole-post' approach results in the shifting of 17 international professional, 334 national officer, and 316 general service posts from management activities to development effectiveness activities. An additional 17 international professional and two general service posts have been shifted from management activities to development effectiveness activities, as described in paragraph 36, sub-paragraphs (a) and (c).

36. A second internal UNDP cost classification (desk) review was undertaken, focusing on activities and costs funded from the biennial support budget with respect to the Bureau for Crisis Prevention and Recovery (BCPR), the Bureau for Development Policy (BDP) and the Special Unit for South-South Cooperation. A differentiation was made between activities and costs that provide overall programme direction and oversight (management) and those that provide direct in-country policy and programme capacity support (development effectiveness). The desk review identified development effectiveness activities funded from the biennial support budget in which BCPR and Special Unit staff provided policy advice and programme implementation support in their areas of expertise, similar to those of dedicated country office staff. In addition, the mid-term review of the programming arrangements identified global policy advisory services funded from the global programme as development effectiveness activities. In summary, the following are considered development effectiveness activities and costs:

(a) For BCPR – 15 international professional posts available for deployment in a flexible manner to strengthen country office capacity in crisis prevention and recovery activities;

(b) For BDP – 52 international professional posts funded from the global programme (outside the biennial support budget) that provide policy advisory services at the regional and country levels; and

(c) For South-South cooperation – two international professional posts and two local posts that support operations in Africa and Asia.

III. Proposals

A. Summary of proposals

Background

37. After careful review, and to ensure an optimal yet cost-effective structure, the Administrator is proposing a regular resources-funded budget in net terms of $828.3 million for the 2010-2011 biennium, in a form comparable to the 2008-2009 budget; details are outlined in table 2 and the following chapters. This represents a net nominal increase of $49.6 million (5.8 per cent) over the 2008-2009 approved gross appropriation. Major factors affecting the net nominal increase of $49.6 million are reflected in table 2 and discussed in the following paragraphs.

Cost increases

38. The net cost increase of $91.5 million in table 2 (10.7 per cent over the 2008-2009 approved gross appropriation) reflects non-discretionary nominal increases required to finance UNDP management structures, functions, and activities during 2010-2011.

While this is a material increase, it is significantly less than the increase in the 2008-2009 biennium (15.1 per cent), and reverses the upward trend that began in the 2004-2005 biennium (9.5 per cent) and that continued into the 2006-2007 biennium (13.5 per cent) and 2008-2009 biennium (15.1 per cent).

39. Key factors concerning the relevant cost adjustments are:

(a) Net increase of $61.3 million resulting from the effect of inflation on post adjustment and other entitlements of international and headquarters local staff, entitlements of national officers and country office local staff, and operating costs;

(b) Net increase of $20.2 million resulting from salary entitlements due to within-grade salary increments of international and headquarters local staff, and United Nations-mandated salary revision surveys for national officers and country office local staff;

(c) Net decrease of $1.5 million resulting from currency adjustments due to the aggregate impact of exchange rate fluctuations in comparison to the dollar;

(d) Net increase of $10.2 million resulting from operating cost adjustments due to rent-escalation clauses at headquarters and country office locations, as well as rent increases due to security-driven country office relocations;

(e) Net increase of $1.3 million resulting from proposed post reclassifications and the implementation of United Nations contractual reform.

40. The full effect of inflation for 2010-2011 is estimated at 3.3 per cent per year, reflecting the combined impact of a 1.8 per cent annual inflation rate at headquarters, and a 4.5 per cent annual inflation rate for country offices. This is in comparison to an estimated 4.1 per cent per year (3.2 per cent at headquarters and 4.7 per cent for country offices) during the 2008-2009 biennium, and 3.5 per cent (2.1 per cent at headquarters and 4 per cent for country offices) during the 2006-2007 biennium.

Achieving cost efficiencies (volume reductions)

41. In response to concerns expressed by Executive Board members, and in the context of the current global economic crisis, the Administrator has prioritized the urgent need to rein in costs and achieve greater efficiency in the 2010-2011 biennial support budget.

42. Accordingly, each UNDP organizational unit was tasked with developing concrete, implementable, and pragmatic budgetary proposals centered on maximizing efficiency, reprioritizing, and reducing costs by:

(a) Eliminating redundant and/or non-essential services and activities, including reduced spending on discretionary activities such as travel, consultants and supplies;

(b) Identifying lower-priority functions and activities that could be reduced or eliminated;

(c) Managing posts more cost effectively, including implementation of a freeze; and

(d) Maximizing the use of available extrabudgetary resources.

With those aims in view, approximately $69.7 million in real volume decreases are proposed, representing an 8.2 per cent decrease in volume from the approved gross budget appropriation for 2008-2009.

43. The proposed $69.7 million in real-volume decreases consists of $35.7 million in shifts to extrabudgetary funding, $18.8 million due to increased efficiency, and $15.2 million due to freezing established posts. The shifts to extrabudgetary funding are, in part, a response to the concern of the Executive Board that burden-sharing of management costs between regular and other resources be improved. Further details of

Table 2. Summary of main areas of increase/decrease for regular resources

(in millions of dollars, nominal)

		Total	Percentage of 2008-2009 approved gross appropriation ($853.6 million)
I.	**2008-2009 Net approved appropriations**	**778.7**	
II.	**Cost increases/decreases**		
	Inflation on staff entitlements and operating costs	61.3	
	Impact of United Nations common system salary scale revisions	20.2	
	Impact of currency adjustments	(1.5)	
	Operating cost adjustments	10.2	
	Impact of proposed reclassifications and United Nations human resources contractual reform	1.3	
	Total cost increases	**91.5**	**10.7%**
III. a.	**Volume decreases**		
	Efficiency gains	(18.8)	
	Proportionality shift	(35.7)	
	Reductions due to freezing of positions	(15.2)	
	Gross volume decreases	**(69.7)**	**-8.2%**
b.	**Volume increases**		
	Management activities		
	Strengthening support to crisis prevention and recovery activities	7.2	
	Enhanced management and sharing of knowledge	6.5	
	Strengthening operational support in the Africa region	3.6	
	subtotal	**17.3**	**2.0%**
	Development effectiveness activities		
	Strengthening substantive response to climate change activities	5.6	
	Strengthening substantive contributions to achievement of the Millennium Development Goals	2.1	
	Strengthening substantive contributions to crisis prevention and recovery activities	2.1	
	Strengthening substantive contributions to South-South cooperation activities	0.9	
	subtotal	**10.7**	**1.3%**
	Gross volume increases	**28.0**	**3.3%**
	Net volume decreases (III.a + III.b)	**(41.7)**	**-4.9%**
IV.	Subtotal net cost and volume increases (II + III)	**49.8**	**5.8%**
V.	Net changes in estimated income		
	Increase/decrease in tax reimbursement offset	(0.2)	
	Total changes in estimated income	**(0.2)**	**0.0%**
VI.	**Subtotal net changes inclusive of estimated income (II + III + V)**	**49.6**	**5.8%**
	2010-2011 Net appropriation estimates (I + IV + V)	**828.3**	
VII.	**Special purpose activities (General Assembly mandated activities and capital investments)**		
a.	General Assembly mandated activities		
	United Nations mandated security costs	58.0	
	International Public Sector Accounting Standards	9.5	
	United Nations human resources contractual reform	2.2	
	United Nations system for Administration of Justice	2.7	
	subtotal	**72.4**	
b.	Capital investments		
	Headquarters telephone system replacement	4.0	
	Atlas upgrade	1.1	
	subtotal	**5.1**	
	Total special purpose activities (IV.a + IV.b)	**77.5**	

the $69.7 million in reductions are presented in this chapter in the context of their effect on general operating expenses and staff costs.

44. Reductions to general operating expenses of $36.1 million are proposed. These have been achieved through a combination of shifts to extrabudgetary resources ($21.9 million) and reductions due to increased efficiency, reprioritization, and the elimination of non-essential activities ($14.2 million). Reductions in non-essential activities are attributed to the following areas:

(a) Lower information and communication technology costs, resulting from: the migration to a new, more cost-effective enterprise resource planning hosting platform; consolidation of information and communication technology support functions into centralized units; enhanced sourcing strategies to support standardization; consolidated licensing and streamlined support structures; increased cost recovery; and elimination of low-value-added support functions;

(b) Lower travel costs across the organization, to include: a reduction in planned missions; restrictions on numbers of mission participants; increased use of low-fare tickets; multi-country and multi-purpose missions; use of lower-cost locations for meetings; and increased use of videoconferencing and teleconferencing;

(c) Broad-based reductions in consultancy and temporary assistance costs attributed to reprioritizations and/or the elimination of non-essential activities;

(d) Streamlining organizational learning costs through increased use of technology and online courses and a more selective and discretionary use of face-to-face workshops; and

(e) Lower reimbursement costs to the United Nations due to improved internal payroll capacity.

45. Reductions in staff costs of $33.6 million are proposed, attributed to 222 posts: 32 international professional, 48 national officer and 142 general service. Those reductions have been achieved through a combination of shifts to extrabudgetary resources ($13.8 million); increased efficiency, reprioritization, and the elimination of non-essential activities ($4.6 million); and the freezing of posts ($15.2 million). Total cost reductions attributed to the 222 posts are distributed as follows:

(a) Posts shifted to extrabudgetary resources – 20 international professional, 13 national officer, and 59 general service;

(b) Posts abolished – 1 international professional, 3 national officer, and 9 general service; and

(c) Established posts frozen – 11 international professional, 32 national officer, and 74 general service.

Investing in the organization

46. A total of $28 million in volume increases is proposed to cover strategic investments in five areas. This represents a 3.3 per cent volume increase over the approved gross budget appropriation for 2008-2009. $17.3 million of that amount pertains to management activities, and $10.7 million to development effectiveness activities. A total of 72 new positions are proposed, 41 of which will support development effectiveness activities at the country and regional levels (16 international professional and 25 local staff positions). The balance of 31 positions will support management activities, with 15 located at the country and regional levels (5 international professional and 10 local staff positions) and 16 at the headquarters level (10 international professional and 6 local staff positions). A brief description of each of the five proposed strategic investments follow.

Crisis prevention and recovery

47. The number of violent conflicts and natural disasters worldwide continues to rise, causing human devastation and escalating economic losses. Between 2000-2007, there were approximately 400 natural disasters each year, affecting 230 million people in

120 countries and resulting in annual economic losses estimated at $80 billion.[3] A single violent conflict or natural disaster can reverse decades of development work and threaten new development opportunities.

48. The overriding objective of the UNDP crisis prevention and recovery practice continues to be strengthening national capacities to prevent, or mitigate, risks associated with crises, while supporting rapid recovery efforts that promote sustainable national development. This is accomplished by assisting developing countries in formulating and implementing appropriate responses to crisis situations through the provision of direct policy advice, technical assistance and programmatic support, as well as through a strong BCPR, which provides underlying institutional guidance, oversight and operational support. The demands placed on BCPR continue to grow, with almost 100 countries implementing crisis prevention and recovery programmes and projects. In response to the increased demand, there has been a steady growth in development resources – regular and other. However, the funding of management and development effectiveness activities from regular resources has not kept pace, remaining at 2004-2005 levels. It is crucial that additional, predictable funding be allocated to BCPR from regular resources.

49. The Administrator proposes a strategic investment of $9.3 million from regular resources in the crisis prevention and recovery practice area. Of that total, $7.2 million would strengthen BCPR management activities at headquarters through the establishment of 10 international professional and six general service positions, commensurate with the need to ensure the responsive and timely discharge of management functions in an accountable, risk-reduced manner. The balance of $2.1 million would strengthen development effectiveness activities at the regional level through the establishment of five international and one general service positions to ensure the availability of adequate policy advisory and technical support services in response to diverse and increasing demands from programme countries.

Climate change

50. The spectrum of challenges posed by climate change is daunting, especially in least developed countries. Low lying coastal countries and small island developing states face the prospect of extreme flooding, or complete inundation, as sea levels rise. Landlocked, semi-arid areas could become hotter and drier, resulting in diminished capacity to sustain already marginalized populations. Rising temperatures can create increased and dangerous health risks, and many important genetic reserves may be threatened, with some species at risk of extinction.

51. UNDP supports developing countries by strengthening national capacities to respond to the implications of climate change, including the adoption of responsive and inclusive national pro-poor policies and low-carbon strategies. UNDP experience suggests that a systematic process based on comprehensive data collection, detailed analyses and realistic priority-setting must be followed in that regard. This includes vulnerability assessments; strategy and policy development and mainstreaming; action plan formulation and implementation; stakeholder consultations; access to carbon financing; and adequate monitoring, oversight and reporting.

52. The Administrator proposes a strategic investment of $5.6 million from regular resources to strengthen national climate change capacity in least developed countries, following up on the December 2009 United Nations Climate Change Conference in Copenhagen. Of that amount, $4 million represents a strengthening of development effectiveness activities at the country level through the establishment of 24 senior national officer climate change specialist positions to serve as in-country policy advisory and technical focal points. The balance of $1.6 million would strengthen development effectiveness activities at the regional level through the establishment of four international

[3] Source: The Centre for Research on the Epidemiology of Disasters, Emergency Events Database

professional positions to provide backstopping to the national officers, largely through high-level policy and technical support.

Africa

53. The Africa region contains the largest number of least developed countries and UNDP-designated low-income countries, many of which are considered crisis, post-crisis or conflict-prone. Recent threats posed by the food, fuel and financial crises have exacerbated the difficulties faced by UNDP in responding to development and operational challenges. This frequently leads to the inability to fund, recruit or retain adequate numbers of competent country office operations managers and policy advisors who support UNDP management functions and development effectiveness activities.

54. As a consequence, there is a high number of unsatisfactory audit reports in country offices in Africa, particularly in the areas of finance, procurement, human resources, and information and communication technology. Increased donor reporting requirements are often not satisfactorily met, while improved management tools are not always understood and implemented effectively. Such operational challenges impede the ability of UNDP to be more responsive to development needs. Achievement of the Millennium Development Goals is, in many cases, behing schedule due in part to the immediate need for additional Millennium Development Goal-based policy support services to accelerate implementation of the 'Gleneagles scenarios'[4].

55. The Administrator proposes a strategic investment of $5.7 million from regular resources to strengthen UNDP country office capacities in Africa, following up on audit recommendations and supporting achievement of the Millennium Development Goals. Of that amount, $3.6 million would strengthen management activities in country offices through the establishment of five international professional and 10 senior national officer positions to ensure the responsive and timely discharge of management functions in an accountable, risk-reduced manner. The balance of $2.1 million would strengthen development effectiveness activities in country offices through the establishment of five international positions to respond to Millennium Development Goals-related strengthening of aid management, donor coordination and resources mobilization.

South-South cooperation

56. South-South cooperation is a successful, cost-effective modality for sharing development expertise and knowledge among developing countries. The objective is to integrate experiences gained through cooperation into country and regional programmes through direct interaction between two or more programme countries, or through direct support at the regional level.

57. In line with the fourth South-South Cooperation Framework, 2009-2011 (extended to 2013), South-South support offices are to be established in each region to assist United Nations country teams, national governments and other development partners in mobilizing and applying relevant capacities from the South. Those capacities will be directed towards the achievement of internationally agreed development goals, with special emphasis on the Millennium Development Goals.

58. The Administrator proposes a strategic investment of $0.9 million from regular resources, following up on the December 2009 High-level United Nations Conference on South-South Cooperation. The $0.9 million would strengthen development effectiveness activities at the regional level through the establishment of two international professional positions to complement existing South-South support office capacities.

[4] The 'Gleneagles scenarios' are studies that suggest the commitment made by the Group of Eight, at Gleneagles, in 2005, to double the 2004 level of development assistance to Africa by 2010, does not compromise macroeconomic stability.

Knowledge management

59. Effective knowledge management and knowledge-sharing are critical to maximizing the impact of global development services. To sharpen existing knowledge management capacities in UNDP, strengthening is required in three strategic areas: intranet improvements, to increase internal efficiencies; Internet improvements, to increase the public dissemination of information through the UNDP website; and extranet initiatives, for sharing knowledge and exchanging ideas with development partners.

60. The UNDP intranet requires redesign and consolidation to support integration and harmonization with internal results and information management tools. This is expected to lead to improved alignment of headquarters and country office information. The goal is a cohesive information management architecture providing access to internal UNDP policies, procedures and knowledge resources in a user-friendly manner.

61. As recommended by the United Nations Joint Inspection Unit in June 2008, the Internet sites of all United Nations organizations should be managed through a 'content management' system. Content management systems allow for modification of the content, graphics and structure of a website with minimal technical knowledge. This is especially important for UNDP, considering its presence in 166 countries, hundreds of project sites and the need for content to exist online in multiple languages.

62. UNDP lacks the requisite institutional platform to support collaboration, knowledge-sharing, communication and networking with external development partners. Investment in a secure, web-based extranet platform is therefore a high priority. When knowledge is organized, contextualized and made available through such a platform, it can be leveraged in a comprehensive, cost effective manner. This is especially important with respect to providing knowledge-based, Millennium Development Goals-related information and services to programme countries and other development partners, as well as with respect to disseminating United Nations system-wide knowledge to United Nations country teams.

63. The Administrator proposes a strategic investment of $6.5 million from regular resources to enhance the management of knowledge within UNDP and the sharing of knowledge throughout the global development community. Of that total, $0.7 million would be used to strengthen institutional management activities in support of intranet activities; $1.3 million would be used to strengthen management support of Internet activities; and $4.5 million would be used to strengthen management activities in support of extranet activities.

Estimated income to the budget

64. The total estimated income to the biennial support budget for 2008-2009 is $75.1 million, representing an increase of $0.2 million in income over the 2008-2009 support budget. It is comprised of three components: government contributions towards local office costs (GLOC), income the United Nations Volunteers (UNV) programme derives from providing volunteers to United Nations organizations, and an accounting linkage to voluntary contributions to offset the cost of reimbursing income taxes paid by United Nations staff on their salaries.

65. Host government obligations towards GLOC are estimated at $52.6 million – the same level as the previous biennium. Income relating to UNV is also projected to remain at the 2008-2009 level ($5 million). The offset amount for tax reimbursements is projected to increase by $0.2 million, bringing the total amount recovered through the accounting linkage to $17.5 million.

Government contributions towards local office costs

66. Table 3 shows 2008 GLOC from direct cash payments, accounting linkage with voluntary contributions, and in-kind contributions, broken down by the income category of programme countries. Against a total obligation of $66.4 million, contributions in 2008

amounted to $49.3 million, made up of $37.6 million in direct cash payments and the accounting linkage with voluntary contributions, and $11.7 million in in-kind contributions. This represents a $13.5 million (or 38 per cent) increase over 2006 total contributions of $35.8 million.

Table 3. Government contributions to local office costs income by category of countries, 2008
(in millions of dollars, nominal)

Income category	GLOC obligations, including in-kind contributions	Income received			Percentage received against obligation
		Cash and accounting linkage	In-kind contributions	Total income received	
Low-income countries	16.8	7.1	4.6	11.7	70%
Middle-income countries	37.0	19.2	5.8	25.0	68%
Net contributor countries	12.6	11.3	1.3	12.6	100%
Total	**66.4**	**37.6**	**11.7**	**49.3**	**74%**

67. The Administrator appreciates improvements made by many programme countries toward meeting their GLOC obligations. Middle-income country compliance, however, remains at a less-than-desirable level. For the 2010-2011 biennium, UNDP will maintain the option of withholding a portion of support budget resources from middle-income countries with significant GLOC deficits.

Allocation of resources

68. Resources have been allocated to functions following the harmonized methodology for results-based budgeting (also used by UNICEF and UNFPA). Allocations are also based on past achievement, taking into consideration investments, proposed reductions, and recurring costs. Proposed estimates, by function, for regular resources are presented in table 4; estimates for other resources are presented in summary table 4. Summary table 3 contains budget estimates, by expense category, for regular resources.

69. The gross regular resources proposals for 2010-2011 amount to $903.4 million (table 4). After subtracting estimated income to the biennial support budget of $75.1 million, the net regular resources budget is $828.3 million. This represents a nominal increase of $49.6 million over the 2008-2009 net regular resources budget, comprising net cost increases of $91.5 million and net volume decreases of $41.7 million, offset by an income increase of $0.2 million.

70. In table 4 and summary table 4, the column '2008-2009, adjusted for harmonized functional allocation' represents a respective redistribution of regular and other resources within the 16 harmonized functions, in line with UNDP, UNICEF and UNFPA alignment efforts. The 'impact of cost classification per decision 2009/22' column represents redistributions of resources based on the cost classification reviews (see paragraphs 31-36).

71. Costs attributed to United Nations development coordination in country offices are apportioned across the UNDP country office structure. Based on the cost classification reviews, 27 per cent of costs at the country office level during 2010-2011 are attributable to United Nations development coordination activities.

72. Costs attributed to development effectiveness at the country office level are distributed based on whole posts, as determined by their predominant area of work and functional job title (see paragraphs 31-36).

Table 4. Proposed budget estimates, by function, for regular resources

(in millions of dollars, nominal)

		2008-2009 Approved appropriations adjusted for harmonized functional allocation a/	Impact of cost classifications per decision 2009/22	2008-2009 Adjusted approved appropriation	2010-2011 proposals			
					Volume Amount	%	Cost	2010-2011 Estimates
A. Biennial budget								
1 Executive direction and leadership		8.9	-	8.9	(1.3)	-14.6%	0.2	7.8
2 Representation and advancement of the core mandate		52.4	-	52.4	(0.9)	-2.0%	2.8	54.3
3 Corporate policy and strategy development, planning and guidance		29.6	-	29.6	2.4	8.1%	1.4	33.4
4a Programme guidance, management and oversight	b/	97.9	-	97.9	7.3	7.5%	10.3	115.5
4b Programme guidance, management and oversight	b/	105.6	(105.6)	-	see below: under development effectiveness			
5 Procurement and supply management		4.9	-	4.9	(0.2)	-3.1%	0.1	4.8
6a Crisis prevention, recovery and emergency management		0.6	-	0.6	0.0	-4.2%	0.0	0.6
6b Crisis prevention, recovery and emergency management	b/	0.7	(0.7)	-	see below: under development effectiveness			
7 External relations and partnerships		29.4	-	29.4	(2.2)	-7.5%	4.0	31.2
8 Internal and external communications: media and public relations		10.5	-	10.5	(1.2)	-11.4%	0.5	9.8
9 Resource mobilization		2.5	-	2.5	(0.5)	-14.1%	0.0	2.0
10 Financial management		54.0	-	54.0	(6.2)	-11.5%	8.2	56.0
11 Information and communications technology		48.2	-	48.2	(5.8)	-12.0%	2.5	44.9
12 General administrative management		72.7	-	72.7	(8.9)	-12.3%	14.2	75.9
13 Human resources		92.8	-	92.8	(5.0)	-5.4%	5.4	93.2
14 Audit and investigations		28.6	-	28.6	(0.7)	-2.4%	2.6	30.5
15 Corporate evaluation		21.7	-	21.7	(2.7)	-12.4%	2.2	21.2
16 Staff security		7.2	-	7.2	(0.9)	12.5%	0.4	6.7
subtotal		648.0	(106.3)	541.7	(26.6)	-4.9%	51.8	566.9
B. Support to operational activities of the United Nations								
17 Country offices	c/	150.7	(150.7)	-	see United Nations development coordination activities			
United Nations Development Operations Coordination Office	c/	4.2	(4.2)	-				
subtotal		154.9	(154.9)	-	-	-	-	-
C. Support to other programmes and funds								
18 United Nations Volunteers programme	d/	40.0	(40.0)	-	see special purpose activities			
United Nations Capital Development Fund	d/	10.7	(10.7)	-				
subtotal		50.7	(50.7)	-	-	-	-	-
	subtotal management activities			541.7	(26.6)	-4.9%	51.8	566.9
	Development activities:							
Development effectiveness								
Development effectiveness activities	b/ N/A		106.3	106.3	(0.9)	-0.8%	13.9	119.3
	subtotal		106.3	106.3	(0.9)	-0.8%	13.9	119.3
	United Nations development coordination activities:							
United Nations development coordination activities								
Country offices	c/ N/A		150.7	150.7	(8.3)	-4.2%	18.5	162.9
United Nations Development Operations Coordination Office	c/ N/A		4.2	4.2	(0.5)	-12.9%	0.2	3.9
	subtotal		154.9	154.9	(8.8)	-4.4%	18.7	166.8
	Special purpose activities:							
Special purpose activities--non-UNDP operations administered by UNDP								
United Nations Volunteers	d/ N/A		40.0	40.0	(5.7)	-14.3%	6.6	40.9
United Nations Capital Development Fund	d/ N/A		10.7	10.7	(1.7)	-15.9%	0.5	9.5
	subtotal		50.7	50.7	(7.4)	-14.6%	7.1	50.4
Total gross resources (A+B+C)		853.6	-	853.6	(41.7)	-4.9%	91.5	803.4
Estimated income to the biennial budget		(74.9)	-	(74.9)	(0.2)	0.3%	-	(75.1)
Net total		778.7	-	778.7	(41.9)	-5.4%	91.5	828.3

a Management activities related to programme guidance and oversight and programme management.

b Development effectiveness activities related to programme development and implementation and programme policy advisory services.

c United Nations development coordination activities related to the in-country coordination function mandated by the General Assembly and in-country development activities supporting UNDP participation in the United Nations country team.

d Special purpose activities related to non-UNDP operations administered by UNDP.

e UNDP, UNICEF and UNFPA agreed to further harmonize the allocation of resources between the 16 management functions. The 2008-2009 appropriations have been adjusted accordingly to include adoption of the whole post distribution methodology. In addition United Nations development coordination activities at the country level have also been adjusted from 28 per cent to 27 per cent of total country office costs, in line with the cost classification review.

Post changes

73. Table 5 summarizes regular resources posts, by location, while summary table 5 contains total resources posts, by location, including those funded from other resources. Summary table 2 contains proposed changes in senior posts funded from regular resources.

74. UNDP is proposing that total positions funded from regular resources decrease by a net 117 posts (4 per cent) – from 3,334 during the 2008-2009 biennium, to 3,217 during the 2010-2011 biennium. This incorporates a net increase of 10 international professional posts at the country office level and a net increase of nine international professional posts at headquarters, to be more than offset by the net decrease of 127 national officer and general service posts at the country office level and nine at headquarters.

75. Total proposed posts at the country office and regional level for 2010-2011 are 2,706 (84 per cent), inclusive of 114 country office-based UNV posts. The remaining 511 posts are located at headquarters, including 11 posts for the United Nations Development Operations

Coordination Office (DOCO), net 64 posts for UNV, 16 posts for the United Nations Capital Development Fund (UNCDF), and 420 posts for all other UNDP units.

76. Proposed post changes during 2010-2011 are influenced by four major factors: (a) the volume reductions tabled in this budget; (b) suggested new strategic investments; (c) the introduction of the development effectiveness cost classification; and (d) human resources contractual reform. The effects of the proposed post changes due to volume reductions and strategic investments are discussed in paragraphs 45 and 46. The introduction of development effectiveness, while post neutral with respect to the 2008-2009 biennium, results in a shift from management activities to development activities, discussed in paragraph 35.

Table 5. Regular resources posts, by location

(in millions of dollars, nominal)

	2008-2009 approved posts							*Changes (increase / decrease)*						*2010-2011 proposed posts*						
	ADM/ USG/ ASG	*D2*	*D1*	*Other international professional*	*All other*	*Total*	*% of total*	*ADM/ USG/ ASG*	*D2*	*D1*	*Other international professional*	*All other*	*Total*	*ADM/ USG/ ASG*	*D2*	*D1*	*Other international professional*	*All other*	*Total*	*% of total*
I. Management																				
Country and regional offices	-	44	124	247	1,608	2,023	60.7%	-	1	(2)	(5)	(141)	(147)	-	45	122	242	1,467	1,876	58.3%
Headquarters	10	26	44	161	160	401	12.0%	-	(1)	2	15	3	19	10	25	46	176	163	420	13.1%
subtotal	10	70	168	408	1,768	2,424	72.7%	-	-	-	10	(138)	(128)	10	70	168	418	1,630	2,296	71.4%
II. Development effectiveness																				
Country offices	-	-	-	34	652	686		-	-	-	16	14	30	-	-	-	50	666	716	
subtotal	-	-	-	34	652	686	20.6%	-	-	-	16	14	30	-	-	-	50	666	716	22.3%
III. United Nations development coordination																				
Country offices[1]						-							-						-	
United Nations Development Operations Coordination Office	-	1	1	3	7	12		-	-	-	(1)	-	(1)	-	1	1	2	7	11	
subtotal	-	1	1	3	7	12	0.3%	-	-	-	(1)	-	(1)	-	1	1	2	7	11	0.3%
IV. Special purpose																				
United Nations Volunteers[2]	-	1	3	24	162	190	5.7%	-	-	-	(4)	(8)	(12)	-	1	3	20	154	178	5.5%
United Nations Capital Development Fund	-	1	3	9	9	22	0.7%	-	-	-	(2)	(4)	(6)	-	1	3	7	5	16	0.5%
subtotal	-	2	6	33	171	212	6.4%	-	-	-	(6)	(12)	(18)	-	2	6	27	159	194	6.0%
Grand total	10	73	175	478	2,598	3,334	100.0%	-	-	-	19	(136)	(117)	10	73	175	497	2,462	3,217	100.0%

[1] All staff resources assigned to country offices are shown under the 'country offices' and 'country and regional offices' categories under the cost classifications 'I Management' and 'II Development effectiveness', respectively.

[2] Of the 154 other staff, 114 are located at the country office level.

77. Due to the introduction of contractual reform, appointments of limited duration funded as general operating expenses from the biennial support budget must be converted into regular posts or abolished altogether. Consequently, 33 new fixed-term appointment posts are proposed – 20 international and 13 local professionals. Since the proposed fixed-term appointments will result in cost increases and offsetting cost decreases (depending upon actual conversion levels), the net cost implications of the conversions are minimal, at approximately $0.8 million. This is reflected in table 2, as a cost increase for the 2010-2011 biennium.

78. The establishment of new posts, or reclassification of existing posts, at the D2 and D1 levels should be in line with broader and more complex levels of responsibility, especially at the country office level. The proposals for those senior positions have been assessed using the International Civil Service Commission post review classification process. Its master standard for job classifications equates director posts with institutional leadership functions, which is especially relevant for resident coordinator posts that lead the United Nations system at the country level, promoting and advancing the agenda of the United Nations in the context of the host government.

79. In an effort to contain costs, and in consideration of previous guidance from the Executive Board and the Advisory Committee on Administrative and Budgetary Questions, UNDP proposes to limit the net change in senior posts funded from regular resources for 2010-2011 to nil (see table 5 and summary table 2).

80. At the D2 level, proposed changes involve the downward reclassification of one D2 post to the D1 level, and the shift of one D2 post to extrabudgetary funding. In turn, UNDP proposes that the D1 Chief of the Security Office post in the Bureau of Management (BOM) be reclassified to the D2 level in view of the increased scope, level of responsibility and complexity of the position. Similarly, the resident coordinator post in Zimbabwe is proposed for upward reclassification from D1 to D2 in view of the special political, developmental, representational and operational circumstances.

81. Three new posts are proposed at the D1 level, for practice leaders in the areas of conflict prevention and recovery, risk reduction and recovery, and early recovery. These are offset by the upward classification of the resident coordinator post in Zimbabwe from D1 to D2, the downward classification of the Partnerships Bureau advisor post, from D1 to P5, and the abolishment of the D1 resident coordinator post in Bulgaria.

82. In the 2006-2007 support budget, eight country director posts were established through temporary conversions of resident coordinator posts, in lieu of the newly established deputy special representative of the Secretary-General posts cost-shared between UNDP and the United Nations Department of Peacekeeping Operations, as established within the United Nations post structure. The temporary conversion of eight existing resident coordinator posts to country director posts was considered a prudent use of available resources. It was also considered a practical interim response to the triennial comprehensive policy review recommendation that UNDP strengthen its country office capacities in complex emergency situations. Upon cessation of individual deputy special representative of the Secretary-General arrangements, the temporary country director posts should revert to their resident coordinator status, and a more permanent solution for establishing country director positions should be sought.

B. Special purpose activities

83. As noted previously, special purpose activities are sub-classified into three groups: General Assembly-mandated activities; non-UNDP operations administered by UNDP; and capital investments. A description of each, together with funding implications, is presented in this section.

General Assembly-mandated activities

United Nations-mandated security costs

84. UNDP participates in the approved package of global measures being implemented by the United Nations Department of Safety and Security (DSS). These include the United Nations field security coordination programme (approved by General Assembly resolution 59/276), requiring UNDP to share common United Nations field based and headquarters-related security costs. For 2010-2011, 20.2 per cent of total costs will be attributed to UNDP. Following inter-organizational security measures: framework for accountability for the United Nations field security management system: report of the Secretary-General (A/57/365), compliance with the minimum operating security standards has been adopted and implemented as a United Nations security policy standard. Compliance at headquarters is also required.

85. The United Nations-mandated 'security costs' category was introduced in the 2006-2007 budget to represent security-related activities required in response to General Assembly resolution 59/276 and other United Nations policy directives. For the 2008-2009 and 2010-2011 biennium, those costs relate to the field security coordination

programme and to country office and headquarters investments in achieving compliance with the minimum operating security standards.

86. During 2008-2009, $71.2 million (net of an estimated $4 million credit for 2006-2007 overbilling by DSS) was earmarked to meet estimated United Nations-mandated security costs, of which $51.2 million was appropriated from regular resources and $20 million earmarked from other resources. Approximately $65.7 million will be spent, including $18.5 million of other resources. Of that amount, $32.3 million will be spent on the field security coordination programme (net of a $5.1 million credit resulting from the DSS overbilling); $32.9 million on country office assessments of and investments in compliance with the minimum operating security standards; and $0.5 million on investments in compliance at headquarters. Investments made at the country level during 2008-2009 have improved the security of over 7,000 country office staff in 100 UNDP country offices.

87. Additionally, and in the event there were unforeseen funding requirements for meeting United Nations-mandated security costs in 2008-2009, the Administrator exceptionally requested – and was granted – Executive Board authority to access up to an additional 20 per cent of proposed net regular resources, earmarked for that purpose, amounting to $10.2 million (that being 20 per cent of $51.2 million). Use of the funds was limited exclusively to new and emerging security mandates as defined through DSS directives, and was to be reported to the Executive Board in the annual review of the financial situation. No such funds were spent.

88. It is estimated that $85 million (gross) is required during the 2010-2011 biennium to meet United Nations mandated security costs, as listed below:

(a) Costs associated with the UNDP share of the field security coordination programme ($44 million – a $5 million increase from 2008-2009);

(b) Country office assessments of and investments in compliance with the minimum operating security standards for onsite support, premises compliance, office relocations and security equipment ($40 million – a $5.3 million increase from 2008-2009); and

(c) Compliance with the minimum operating security standards for headquarters buildings ($1 million – a $0.5 million decrease from 2008-2009).

89. In line with the proportionality strategy of UNDP, an estimated $25 million of the $85 million in total requirements will be covered by other resources funding. Of the remaining balance of $60 million, $58 million is proposed for funding from regular resources, and $2 million will be covered by applying an expected credit from DSS in 2010 resulting from overbilling in 2008-2009.

90. In the event of unforeseen funding requirements for meeting General Assembly-mandated security costs during 2010-2011 – especially in the wake of the recent attacks in Kabul – the Administrator exceptionally requests approval, similar to that granted for 2008-2009, to expend up to an additional 30 per cent of proposed net regular resources, earmarked for that purpose, amounting to $17.4 million (30 per cent of $58 million). Use of those funds, would be limited to new and emerging security mandates as defined in DSS directives, and would be reported to the Executive Board in the annual review of the financial situation.

International Public Sector Accounting Standards

91. General Assembly resolution 60/283 approved the United Nations system-wide adoption of IPSAS to replace the United Nations System Accounting Standards. IPSAS is considered a best practice by public and not-for-profit organizations.

92. IPSAS implementation is expected to result in a higher level of transparency and accountability by providing a consistent, comparable and harmonized platform for

United Nations system financial reporting and disclosure. It should also facilitate greater harmonization in financial regulations and rules, business practices, and policies and procedures.

93. IPSAS is sponsored by BOM, and continues to be led by the Office of Finance and Administration. The IPSAS implementation project is being managed in accordance with 'Prince2', an internationally recognized project management methodology. UNDP established an IPSAS board composed of UNDP sponsors, beneficiaries, and partner organizations, to advise, guide and oversee project implementation. The IPSAS implementation project is anchored in three fundamental pillars: (a) financial policy and transition (definition and implementation of IPSAS standards); (b) change management (organizational change, business process reengineering, communication and learning); and (c) information technology (upgrades and reconfiguration of Atlas and institutional reporting tools).

94. In 2008-2009, $9 million was appropriated from regular resources, outside the 2008-2009 biennial support budget, to meet IPSAS compliance costs. Subsequently, in mid-2009, it was agreed to defer IPSAS implementation from January 2010 to January 2012. This was primarily due to the competing demands placed on UNDP by the need to implement General Assembly resolution 63/250 on human resources management in the United Nations system. Nevertheless, considerable progress continues to be made including: completion of business and functional requirements for the major areas impacted (revenue, property, plant and equipment, employee benefits, and receipt accrual); preliminary design of IPSAS-compliant financial statements; Atlas system prototypes for revenue management, property, plant and equipment, and receipt accrual; high-level organizational workload analyses; and a change management and learning framework. It is estimated that approximately $5.6 million of the $9 million appropriation approved for 2008-2009 will be spent in this area.

95. Best implementation practices from the World Food Programme and other public-sector entities indicate that a phased approach to IPSAS implementation is the most appropriate way of managing complexities, minimizing workload implications and building the requisite organizational skills and institutional knowledge. Accordingly, the revised 2009-2011 work plan for the IPSAS implementation project reflects an incremental approach so as to allow for a smoother transition, optimize the use of existing project resources, and ensure systematic organizational readiness. UNDP expects to implement six of the 22 applicable standards by January 2011. Those six standards do not conflict with current United Nations System Accounting Standards and therefore can be implemented without changes to the financial regulations and rules, major systems-related enhancements, or significant workload implications. By 2012, the remaining 16 standards will be implemented following the IPSAS implementation project workplan.

96. An estimated total of $13 million will be required for IPSAS-related activities during 2010-2011: $3.5 million in other resources and $9.5 million from regular resources, inclusive of the carryover of $3.4 million in unspent 2008-2009 regular resources. These resources would be used for one-time investments to support: configuration and customization of institutional systems and reports ($3.8 million); development and delivery of a comprehensive global training programme ($3.5 million); formulation and application of IPSAS policies and asset valuation-related work ($2.6 million); six months of capacity-related start-up implementation and transition costs ($2.2 million); and change management initiatives ($0.9 million).

United Nations system of administration of justice

97. The Office of Administration of Justice was established following General Assembly resolutions 61/261 and 62/228, by which the General Assembly decided to introduce an independent, transparent and decentralized justice system to handle work-

related disputes in the United Nations. The role of the Office of Administration of Justice is to ensure the efficient management and overall coordination of the United Nations justice system.

98. The framework of the new, two-tiered justice system includes: (a) the Office of Administration of Justice, comprising the Office of the Executive Director, the Dispute Tribunal and the Appeals Tribunal, and related registries; (b) the Office of Staff Legal Assistance and the judiciary branch (Dispute and Appeals Tribunal judges); and (c) the ombudsman function, to include: the system-wide Office of the Ombudsman, regional offices, offices in peacekeeping missions and a mediation division.

99. The funding of the United Nations system of administration of justice will be cost-shared by participating members. The 2010-2011 budget is estimated at $21.9 million, of which the UNDP share is 12.3 per cent, or $2.7 million.

100. *Human resources contractual reform.* General Assembly resolution 63/250 mandated the implementation of new human resources-related contractual arrangements under one set of staff regulations. The reform called for the adoption of three types of contractual appointments: temporary appointment; fixed-term appointment; and continuing appointment. Immediate benefits to be derived from the reform include simplified contractual arrangements, a single set of staff regulations and rules; greater transparency and equity in the treatment of staff; and harmonization of the conditions of service across the United Nations system.

101. It is estimated that $2.2 million will be required during 2010-2011 to cover one-time investments that will ensure the successful implementation of human resources contractual reform. Those resources will be earmarked to facilitate full alignment and administration of benefits and entitlements for a larger population of staff, due to the phasing out of 'assignment of limited duration' appointments. They will also cover human resources-related legal support services, configuring payroll systems, and updating prescriptive content.

102. The net regular resources requirements during 2010-2011 for the adoption of IPSAS, the United Nations system of administration of justice and human resources contractual reform are collectively estimated at $14.4 million. Since they represent primarily one-time investments during 2010-2011, it is proposed that they be funded from expected 2008-2009 biennial support budget savings of a like amount. Future recurring costs will be mainstreamed into biennial support budget management activities for 2012-2013.

Non-UNDP operations administered by UNDP

103. This category covers operations for which UNDP has an administrative responsibility, but which do not represent a UNDP management activity. It includes funding for UNV and UNCDF, and reimbursable services that UNDP provides to other United Nations organizations.

104. The planned results, activities, and costs associated with such non-UNDP activities are captured in functions 18 and 19, and are reflected separately in the accompanying tables. Regular resources funding for UNV and UNCDF activities during 2010-2011 are proposed at the respective levels of $40.9 million and $9.5 million. It is estimated that approximately $40.9 million will be disbursed for reimbursable services activities, which are funded from other resources.

Capital investments

105. In recent years, a number of United Nations system organizations and bilateral assistance agencies have begun to appropriate and budget funds for capital investments separately from management appropriations and budgets. A survey conducted in late 2008 by a special working group on capital budgeting, sponsored by the finance and

budget network of the High-level Committee on Management and chaired by UNDP, found that of 22 responding organizations, eight had a form of capital budgeting in place and six others had access to separate funding arrangements that drew on capital budgeting concepts. A 2009 review by UNDP of four major bilateral donor organizations found that three of them maintained separate types of capital budgets.

106. The special working group on capital budgeting concluded that a capital budgeting review process would improve the planning for, and management of, organizational capital assets. In so doing, it agreed there was value in distinguishing transparently between operational costs, which occur in a single biennium, and capital costs, which usually extend over two bienniums or more. In addition, and in view of the implementation of IPSAS, there will be a need to ensure organizational capacity to separately account for and depreciate capital assets. UNDP proposes to introduce capital budgeting on a limited scale during 2010-2011.

107. A number of capital investments were proposed by headquarters central units for 2010-2011 funding consideration. A review was undertaken, which proposed two high-priority capital investments totalling $5.1 million for capital budget funding consideration during 2010-2011: replacing the UNDP headquarters telephone system ($4 million); and upgrading human the resources module and improving data archiving in the UNDP enterprise resource planning system ($1.1 million).

108. The UNDP headquarters telephone system is 24 years old. In an effort to extend its useful life, outdated software was upgraded in early 2008; however, this was a short-term solution. It is now critical that the entire system be replaced. UNDP proposes to introduce Internet Protocol-based telephony, (known as 'Voice over Internet Protocol') in 2010. This system is cost efficient, provides greater mobility, utilizes advanced Internet Protocol technologies, and provides unified communications (such as consolidated e-mail, telephone and voice mail) to improve productivity. All headquarters units and country offices will benefit.

109. A one-time investment of $4 million will be required during 2010-2011 to deploy Internet Protocol-based telephony throughout UNDP. Annual maintenance costs, estimated at $0.4 million, are included in the biennial support budget. The system is expected to have a useful life of 5-10 years.

110. UNDP has implemented a commercial, off-the-shelf enterprise resource planning system, comprised of a number of distinct modules supporting key organizational functions, including: finance, human resources, customer relations and performance management. Since outdated versions of the software become unsupportable, they require upgrades as new advances in technology are made.

111. A one-time investment of $1.1 million will be required during 2010-2011 to upgrade the human resources module, and to improve data archiving and reporting, helping preserve operational efficiency. Annual maintenance costs, estimated at $0.1 million, are included in the UNDP biennial support budget. The upgrades are expected to have a useful life of four years.

112. Based on experience gained from the introduction of capital budgeting on a limited scale during 2010-2011, and the best practices of other United Nations organizations, UNDP plans a broader application of capital budgeting during 2012-2013, in line with the implementation of IPSAS.

C. Cost recovery and related issues

Background

113. Fixed indirect costs are attributed to the base structure of the organization; Variable indirect costs are attributed to its augmentation structure. Regular resources

pay for the base structure, which represents the universal presence of UNDP, through which development activities in support of achieving the Millennium Development Goals are delivered. Management activities and costs above the base structure fall within the augmentation structure and are considered variable indirect costs. They are funded through a combination of regular and other (cost recovery) resources in the same proportion as the funding composition of the development activities that they support. This constitutes the principle of proportionality, which is discussed in this section.

114. The harmonized cost definitions[5] of direct costs, fixed indirect costs, and variable indirect costs agreed upon jointly by UNDP, UNFPA and UNICEF greatly influenced the UNDP cost recovery policy approved by the Executive Board in decision 2007/18. A consultancy commissioned by the organizations in 2008 reconfirmed the applicability of those cost definitions. The consultancy further confirmed that the definitions were broadly aligned with the Joint Inspection Unit definitions reflected in support costs related to extrabudgetary activities in organizations of the United Nations system (JIU/REP/2002/3). One clarification related to the treatment of direct programme and project costs, where it was highlighted that the Joint Inspection Unit classifies costs relating to programme and implementation activities, including advisory activities, as 'direct costs of an external variable nature.' This further supported the classification of development effectiveness activities as development costs, leading to formal approval by the Board in decision 2009/22.

115. United Nations system organizations have differing approaches to cost recovery, primarily because no two share the same business model and cost structure. In addition, there are differing approaches in the way cost recovery income is managed, ranging from full centralization to a high degree of decentralization. Technically, the individuality of each organization makes it challenging to justify the adoption of a uniform 7 per cent rate, based on the premise that all have the same management structures and associated costs. For instance, a significant portion of the other resources portfolio of UNDP represents resources mobilized locally and directly by country offices. Other organizations work predominantly through centrally negotiated trust fund agreements. Therefore, management costs may vary because of differences in the manner in which funds are mobilized, received and reported.

Cost recovery policy compliance

116. The UNDP cost recovery policy has been periodically reviewed and revised by the Executive Board to support increased proportionality. Most recently, decision 2007/18 on the effectiveness of cost recovery reiterated that regular resources should not subsidize the costs of development activities funded from other resources. It approved a cost recovery rate of 7 per cent for new third-party contributions, and a basic cost recovery rate of 3 per cent for new programme country contributions. It also confirmed that UNDP could exceptionally grant waivers to the stated cost recovery rates. In decision 2008/1, on the 2008-2009 biennial support budget, the Executive Board reaffirmed decision 2007/18. It also requested realignment of the funding modality of UNDP management activities to ensure that cost recovery income proportionately shares an equitable burden of the cost of management activities associated with all other resources-funded activities in the 2010-2011 biennium.

117. Since the adoption of decision 2007/18, all new UNDP third-party cost sharing and trust fund agreements have utilized the new rate of 7 per cent, with the exception of 10 cases. The relevant waivers, listed in summary table 7, were granted on a case-by-

[5] *Direct costs* – all costs that are incurred for, and can be traced in full to, the activities, projects, and programmes of an organization in fulfillment of its mandate. *Fixed indirect costs* – all costs that are incurred by the organization regardless of the scope and level of its activities, and which cannot be traced unequivocally to specific activities, projects or programmes. *Variable indirect costs* – all costs incurred by the organization as a function and in support of its activities, projects and programmes, and which cannot be traced unequivocally to specific activities, projects or programmes.

case review by UNDP senior management for operational exigencies, strategic responses, and multi-donor funding considerations. UNDP is presently recovering at least 3 per cent on all programme country cost sharing contributions.

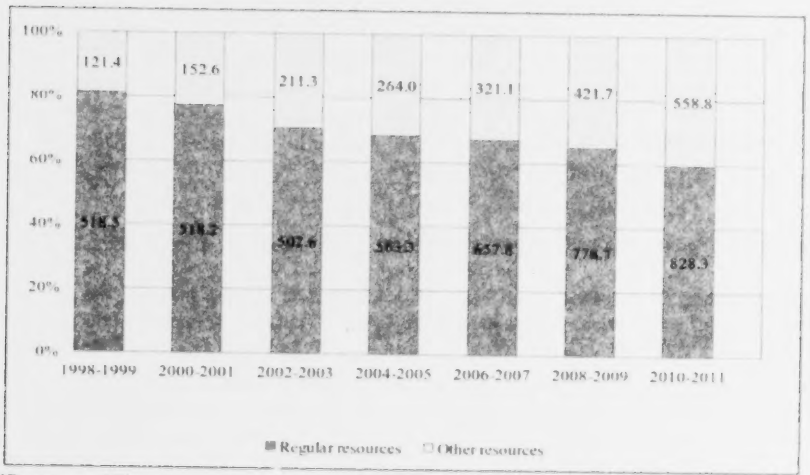
118. The process of increasing cost recovery income in line with the established rates is gradual, due to the attribution of lower cost recovery rates stipulated under previous cost recovery policies. In that regard, and assuming that the average duration of development projects is approximately four years, it is expected that towards the end of the 2010-2011 biennium all projects will reflect cost recovery rates of 7 per cent for third party cost sharing and trust fund projects, and 3 per cent for programme country cost sharing projects.

119. Figure 3 presents planned expenditure for the biennial support budget in line with the classification of costs during previous bienniums. The biennial support budget estimates funded from regular resources of $828.3 million ($778.7 million in 2008-2009) are presented by function in table 4. Biennial support budget estimates funded from other resources of $558.8 million ($421.7 million in 2008-2009) are presented by function in summary table 4. Planned extrabudgetary management expenditure as a function of total planned management expenditure (regular and other) continues to show a positive trend. During the 1998-1999 biennium, planned extrabudgetary management expenditure was estimated at $121 million or 19 per cent of total management expenditure. During the 2008-2009 biennium, this increased to $422 million or 35 per cent. For the 2010-2011 biennium, we expect this to further increase to $559 million or 40 per cent, a $137 million or 32 per cent increase over 2008-2009. It is also noted that 2007 and 2008 extrabudgetary management expenditure was $190 million and $209 million, respectively.

Figure 3. Planned expenditure for the biennial support budget *

Relative shares of regular resources and other resources

(in millions of dollars, nominal)



*For comparability purposes, 2010-2011 resources are presented in line with the classification of costs from previous bienniums.

120. Current estimates for cost recovery income in 2010-2011 are $565 million (see table 6), compared to $509 million for 2008-2009. This represents an estimated increase of $56 million, or 11 per cent. The 2010-2011 cost recovery estimates of $565 million ($509 million in 2008-2009) can be elaborated upon as follows:

(a) General management services income estimate component from donor co-financing of $357 million ($282 million in 2008-2009) represents 6 per cent (5.7 per cent in 2008-2009) of $5,947 million in estimated programme expenditure funded from bilateral/multilateral resources, per table 1 ($4,956 million in 2008-2009). This is included in table 1 as part of 'resources available, bilateral/multilateral resources-contributions';

(b) General management services income estimate component from programme country cost-sharing of $73 million ($79 million in 2008-2009) represents 3 per cent (3 per cent in 2008-2009) of $2,413 million in estimated programme expenditure funded from local resources per table 1 ($2,540 million in 2008-2009). This is included in table 1 as part of 'resources available, other local resources-contributions';

(c) United Nations organization services cost recovery income estimate at the headquarters level of $41 million ($40 million in 2008-2009) is presented in table 1 under 'resources available, reimbursement for services to other United Nations organizations';

(d) Interest income estimate of $5 million ($19 million in 2008-2009) is presented in table 1 as part of 'overall resources available, other'; and

(e) All other cost recovery income estimates shown in table 6, totaling $89 million (same in 2008-2009), are presented in table 1 as a part of 'resources available, contributions'.

Table 6. Cost recovery income - estimates for 2008-2009 and 2010-2011
(in millions of dollars, nominal)

	2008-2009 estimates	2010-2011 estimates
General management services cost recovery income		
Income from donor co-financing	282	357
Income from programme country cost-sharing	79	73
Subtotal general management services income from programme activities	**361**	**430**
United Nations organization services cost recovery income		
Income from services at headquarters	40	41
Income from services at country office level	18	21
Subtotal income from United Nations organization services	**58**	**62**
Other cost recovery income		
Implementation support services	40	41
Interest	19	5
Administrative agent fees	10	7
Other *	21	20
Subtotal other cost recovery income	**90**	**73**
Total cost recovery income	**509**	**565**

*Relates to fully reimbursable, ad hoc services and miscellaneous income at the country office level

Base structure and augmentation structure

121. Executive Board decision 2008/1 on the 2008-2009 biennial support budget also requested information on the concept and methodology determining the base structure, as well as a description of the structure.

122. The UNDP base structure is defined as the minimum capacity that the organization needs in order to carry out its core mandate. The base structure should ensure the sound, sustainable funding of a minimum critical mass of staff capacity and general operating expenses dedicated to maintaining the management infrastructure of the organization, including the country office network, regional centres and headquarters units. It should support the goals set forth in the extended strategic plan in an accountable, risk-informed manner. The base structure is integral to the organization and requires solid, predictable funding.

123. Base structure costs are further defined as 'fixed indirect' management costs, using the harmonized definitions agreed to by UNDP, UNFPA and UNICEF. The base structure concept was first introduced in UNDP in the 2004-2005 biennial support budget for country offices, and in the 2006-2007 biennial support budget for headquarters units and regional centres. Its purpose was to ensure that all UNDP offices in low-income and middle-income programme countries had a minimum critical mass of staff capacity funded from regular resources, recognizing the responsibilities of those staff members to provide management and coordination services, and also take into account regular resources programme allocations. At headquarters, its purpose was to ensure that UNDP units had a minimum critical mass of staff capacity funded from regular resources to provide executive direction and leadership, institutional oversight and accountability, compliance with statutory obligations, and effective human and financial resources management.

124. The base structure for country offices is defined as the minimum level of staffing and general operating expenses, funded from the regular resources biennial support budget, needed to deliver on the core mandate of UNDP. For country offices, the minimum staffing level was determined through the application of country office typologies, introduced in the 2004-2005 biennial support budget. They were based on the roles of the resident representative, resident coordinator and humanitarian coordinator functions in each country, and whether a programme country was classified as a net contributor country. The typologies, intended to rationalize UNDP resource allocations throughout the organization at the country level, are as follows:

(a) For country offices covering only the resident representative function, the base capacity is one international professional, two national officer, and three general service posts;

(b) For country offices covering the resident coordinator and resident representative functions, the base capacity is one international professional, three national officer, and four general service posts;

(c) For country offices covering the resident coordinator, resident representative and the humanitarian coordinator functions, the base capacity is two international professional, three national officer, and four general service posts;

(d) For net contributor countries, the base capacity is one international professional post.

125. The base structure for headquarters units and regional centres was initially established in the 2006-2007 biennial support budget following a review of statutory and institutional functions. In particular, the review sought to ensure that predictable, sustainable funding was available to fund critical activities regarding executive direction and leadership, corporate oversight and accountability, compliance with statutory obligations, and effective human and financial resources management.

126. Augmentation costs include all incremental management costs over and above base costs. They are also referred to as 'variable indirect' costs. The magnitude of augmentation costs is subject, in large part, to the volume of resources managed and the complexity of the operating environment. Augmentation structure costs are, by definition, variable and linked to the overall size of UNDP regular and other resources-funded development activities. Augmentation costs should therefore be proportionately funded between regular and other resources to ensure equitable burden sharing of costs, thus avoiding regular resources subsidization of management activities funded from other resources. This is the 'proportionality principle' that, through the UNDP cost recovery policy, seeks to ensure that cost recovery rates on development activities funded from other resources are set appropriately.

127. The calculation of the UNDP variable indirect recovery rate for bilateral and multilateral donor resources for 2010-2011 is presented below, in line with the cost recovery methodology reflected in the report on UNDP strategic cost management and implications for cost recovery (DP/2004/35) and the report on the assessment of the cost recovery policy effectiveness (DP/2007/36). For comparability, figures are presented using the classification of costs in effect for previous bienniums.

(a) Total biennial cost of the UNDP structure: $1,124 million[6]
(b) (Minus) base structure: – $538 million[7]
(c) Variable indirect costs: $586 million

128. The objective is to fund variable indirect costs of $586 million proportionately between regular (28 per cent) and bilateral/multilateral donor resources (72 per cent)[8], which are attributed as follows:

(a) Attributed to regular resources: $166 million (28 per cent of $586 million)
(b) Attributed to bilateral/multilateral donor resources: $420 million (72 per cent of $586 million)
(c) Total variable indirect costs: $586 million

129. In principle, the indirect cost recovery rate for bilateral and multilateral donor resources is arrived at by dividing the $420 million of variable indirect costs attributed to these donor resources, by the corresponding amount of planned bilateral/multilateral donor programme expenditure of $5,947 million (table 1, section 2 A.1, 'programmes'). This results in an indirect cost recovery rate of 7.1 per cent ($420 million/ $5,947 million = 0.0706). While that rate is in line with the indirect cost recovery rate of 7 per cent approved by the Executive Board in decision 2007/18, further review and validation is required in the context of the joint cost recovery harmonization exercise planned for 2010-2011. This is especially important with respect to the magnitude and funding of the base structure.

130. Actual 2008 indirect costs recovered with respect to bilateral/multilateral donor resources amounted to $127 million ($94 million in 2007), for an average indirect cost recovery rate of 5.3 per cent (4.7 per cent in 2007). Indirect costs recovered during 2009 are expected to approximate $155 million, resulting in an indirect cost recovery rate in the range of 5.7 to 6 per cent.

6/ Adjusted in line with the cost classifications used during the 2008-2009 biennium. Calculated as $1,387.1 million ($828.3 million per table 4 plus $558.8 million per summary table 4); minus $102.9 million representing the cost of UNV and UNCDF ($43.7 million plus $59.2 million per table 1); minus $78.4 million representing the use of local resources attributed to: development effectiveness activities, United Nations development coordination activities, and management activities ($18.8 million plus $12 million plus $47.6 million per table 1); minus $82 million representing direct income and related costs attributed to: services at country office level, implementation support services, and other fully reimbursable services ($21 million plus $41 million plus $20 million per table 6).

7/ The 2008-2009 biennial support budget base structure ($486 million) multiplied by the 10.7 per cent cost adjustment factor for the 2010-2011 biennial support budget.

8/ The relative share of the estimated total use of regular resources ($2,527 million or 28 per cent) and bilateral/multilateral resources ($6,477 million or 72 per cent) as reflected in table 1.

131. The introduction of results-based management enabled UNDP to demonstrate how certain country office support (now classified as development effectiveness) funded from the biennial support budget contributed directly to development results. The objective was and is to reflect such expenditures as directly associated with the delivery of programmes – an established practice in many development organizations.

132. The Executive Boards of UNDP/UNFPA and UNICEF have requested the three organizations to further harmonize cost classifications and move towards an integrated budget framework by 2014. Mutually dependent issues such as cost recovery, base and augmentation structures, development effectiveness, critical mass, and proportionality will need to be addressed within this broader harmonization exercise. All three organizations are cooperating on an inter-agency study on cost recovery methodologies and practices under the auspices of the High-level Committee on Management.

133. UNDP proposes to maintain the existing concept and methodology of the base structure and the augmentation structure for 2010-2011. Future changes are expected within the context of a more harmonized and integrated approach in the 2012-2013 biennial support budget.

D. Results framework

Background

134. The results-based format of the UNDP biennial support budget was introduced in 2008-2009. The 2010-2011 biennial support budget results framework, anchored in the extended strategic plan, represents a cycle of: planning for results; selecting relevant results, indicators, baselines and targets; allocating resources to achieve those results; implementing and monitoring activities; and reporting on results.

135. The biennial support budget results framework is an integral part of the results-based management system of UNDP, supported by a robust web- and results-based management platform that hosts the UNDP 'balanced scorecard' and results-oriented annual reporting systems, as well as unit level work-planning tools.

Strategic planning and target-setting

136. The primary planning tool for UNDP development and institutional results is the strategic plan, 2008-2011 (extended to 2013), which establishes and describes the goals and strategies of UNDP. The development and institutional results frameworks appended to the extended strategic plan contain planned strategic results for development programmes in the four focus areas of UNDP, as well as for cross-cutting development issues and coordination and management activities.

137. The UNDP balanced scorecard complements the extended strategic plan by providing a management system to assist the organization in executing its strategy. The balanced scorecard covers selected strategic dimensions of UNDP activities at the institutional, country and unit levels. The corporate-level scorecard – known as the 'executive balanced scorecard' – consists of strategic results and performance indicators derived from the extended strategic plan. It also informs the results framework of the biennial support budget. These results and related performance indicators affect institutional planning, implementation, monitoring and reporting. The executive balanced scorecard also serves as the starting point for designing unit-level balanced scorecards for headquarters units and country offices through a 'cascading' exercise. This design process ensures alignment of unit-level strategies with the institutional strategy – top-down and bottom-up approaches are employed. For example, the executive balanced scorecard guides each unit in the alignment of their strategies, while the unit level balanced scorecards help refine strategies for each unit, so as to ensure relevance and responsiveness.

138. The balanced scorecard performance indicators underpin the UNDP performance management system, and are critical for monitoring progress towards achieving strategic results. They are designed and selected based on their ability to be specific, measurable, achievable, relevant and time-bound (or 'SMART'). Target-setting for balanced scorecard indicators is an important part of performance management: it defines performance expectations and helps draw the attention of management to actions required during the execution of the results planning, target-setting, and performance monitoring cycle. The balanced scorecard is automated, and data is available in real time. The performance indicators, baselines and targets used in the balanced scorecard are clearly spelled out, colour-coded, and communicated across the organization. They are accessible to all UNDP staff through the web-based system that supports the scorecard.

139. In addition to the balanced scorecard, UNDP relies on selected results drawn from three key surveys, independently conducted on an annual basis, as performance indicators. The UNDP partners survey provides feedback from development partners on the role and performance of UNDP. The global staff survey provides feedback from staff on a range of workplace issues. The products and services survey is the means through which country offices provides feedback on the quality of products and services provided by headquarters units.

Budgeting in a results-based environment

140. All management activities are presented under the 'chapeau' of the 2010-2011 biennial support budge, and some but not all development effectiveness, United Nations development coordination and special purpose activities. In the 2008-2009 biennial support budget, they are categorized into 19 major functions, each of which contains strategic results, 'SMART' performance indicators, relevant targets and existing baselines. The first 16 functions are harmonized between UNDP, UNFPA and UNICEF, while the last three are unique to UNDP. In response to decision 2009/22, in which the Executive Board approved four broad categories of cost classification, the first 16 functions will be classified as management costs, and the three UNDP-specific functions as special-purpose and United Nations development coordination costs.

141. The strategic results and performance indicators found in the biennial support budget functions are derived primarily from the extended strategic plan (and related annual reporting on results), the balanced scorecards, the three surveys, and unit-specific databases. The majority of results and performance indicators contained in the institutional results framework (management section) of the extended strategic plan, and in the executive balanced scorecard, are included in the biennial support budget results framework for 2010-2011. In order to increase harmonization after the adoption of the 2008-2009 biennial support budget, UNDP, UNICEF and UNFPA agreed that, under each of the 16 harmonized functions in the 2010-2011 biennial support budget, one result would be the same for all three organizations.

142. Biennial support budget resources – regular and other – are allocated to the functions based on the strategic and operational results to be achieved. Some functions reflect the work of a single UNDP unit, while others involve efforts of multiple headquarters units and country offices. The allocation of funds to each function includes resources required to carry out recurring operational work covered under the definition of the function, and the resources needed to achieve the specific results reflected in the biennial support budget results framework. For example, funds allocated to the financial management function should, in principle, support specific strategic-level functions and numerous recurring operational activities under this function.

143. As part of the UNDP accountability framework, each function has a designated functional sponsor (or sponsors) at headquarters responsible for establishing the results, performance indicators, baselines and targets under the respective function; monitoring

progress towards the agreed results; ensuring actions are taken, as required; and reporting on achievements to the Executive Board through the extended strategic plan reporting mechanism.

Monitoring implementation and performance

144. Each unit prepares an integrated workplan describing results to be achieved and required inputs and resources, which provides managers and staff members with an objective basis for monitoring their activities. It is largely derived from the results projected in each of the biennial support budget functions.

145. Performance monitoring at the institutional and unit levels is anchored in, and conducted through, the balanced scorecard system. All planned results, performance indicators, baselines and targets are automated and are updated daily.

Reporting and performance assessment

146. The balanced scorecards, surveys and internal unit-level results-based reporting on annual workplans are the basis for reporting on performance towards planned results. Achievements in the management and coordination areas for 2008 were presented to the Executive Board in the report on the operationalization of the UNDP strategic plan, 2008-2011 (DP/2009/11). They are briefly reviewed in section E of the present chapter, under each respective function. The results reporting also serves as useful feedback to UNDP senior management and unit managers, since it enables them to: adjust resources and activities during the biennium to permit achievement of optimum results (based on the availability of resources); informs the planning of future results to be achieved in subsequent bienniums; and facilitates the performance assessments of each unit.

Learning and continuous improvement

147. Results-based budgeting within the UNDP results-based management system is a continuous learning and improvement process. The introduction of results-based budgeting in 2008-2009 enabled the organization to draw key lessons on: increased alignment to the extended strategic plan and executive balanced scorecard; improved selection and refinement of strategic results and performance measures (baselines, targets, and indicators); and ways to further strengthen the performance management system underpinning the extended strategic plan and results-based budget. These lessons, to the extent possible, inform the 2010-2011 results framework and proposed level of resource allocations. The key elements integrated into the 2010-2011 biennial support budget results framework are as follows:

(a) Improved alignment to the strategic plan results framework and the performance management system, i.e. executive balanced scorecard and unit-**level** balanced scorecards. This enables the organization to communicate strategic priorities, monitor the execution of UNDP strategies through the balanced scorecards and integrated workplans, enhance accountability for results through an automated performance management system (one that cascades from the executive level to unit levels), facilitate results reporting, and continuously improve;

(b) Strengthening linkages between management results and development results, considering the cross-cutting impact of the former as a primary enabler for the latter. Management results are derived mainly from the institutional results framework of the extended strategic plan and the executive/unit balanced scorecards. By the end of 2009, UNDP plans to introduce an integrated web-based planning tool to capture all dimensions of UNDP work in development, United Nations coordination, and management. Together with the introduction of an integrated budget, this tool will lead to a much stronger linkages between management and development results;

(c) Achievement of 2008-2009 biennial support budget results, or lack thereof, directly influenced the results and performance measures proposed for 2010-2011. The

2010-2011 results framework integrates lessons learned in 2008-2009, and organizational priorities for 2010-2011; and

(d) Allocation of resources will continue to be against functions, taking into consideration their strategic results. The 16 harmonized functions and three UNDP specific functions remain entry points for results-based budgeting at the institutional level. This holds true for some activities in functions 4 and 6, which have been shifted to development effectiveness under the development cost classification, as well as for all activities in the three UNDP specific functions which have been shifted to either the United Nations development coordination or special purpose activities cost classifications. The basis for determining the funding level for each function are: an analysis of 2008-2009 achievements and funding levels; 2010-2011 strategic priorities and investments that support institutional results; and the overall UNDP financial situation. As the UNDP results-based budgeting/results-based management system evolves, improved costing of results will be presented in context of the integrated resources plan.

E. Activities and resources, by function

148. This section describes each of the 16 harmonized management functions that constitute the results and activities financed by the biennial support budget. It includes the following functions, specific to UNDP: 17 – results and activities for United Nations development coordination; 18 – special purpose activities: non-UNDP operations administered by UNDP; and 19 – special purpose activities: provision of services to other United Nations entities on a fully reimbursable basis. Key results do not represent total accomplishments expected for each function; rather, they should be considered institutional results that support the management and coordination objectives of the extended strategic plan. Ten baselines and targets remain to be determined as they are predicated on 2009 data, which will only become available in early 2010. Therefore, these baselines and targets cannot be established until the end of the first quarter 2010, at which time the results framework will be updated. Summary table 6 contains information on organizational units by function.

Function 1. Executive direction and leadership

149. *Definition and description*. Function 1 covers the activities that enable senior management to define the executive direction of the organization, based on the long-term vision and mandate outlined in the extended strategic plan. This entails providing effective leadership, striving towards defined results in a transparent, accountable manner, and helping managers at all levels to lead their staff in achieving unit-specific results, holding each other accountable for achieving those results within the overall executive direction of UNDP.

150. *Issues and narrative*. This function provides strategic guidance for the implementation of the results outlined in the extended strategic plan in the chapters on UNDP support to strengthening United Nations system-wide coherence; UNDP operations; and managing for results: accountability, risks, and resources. During 2010-2011, senior management is responsible, within the context of the extended strategic plan, for sharpening the direction of UNDP; providing leadership to strengthen organizational results in the areas of development and management; and supporting the development coordination activities of the United Nations system. Achievement of the extended strategic plan results is reported annually through the report on the operationalization of the UNDP strategic plan, 2008-2011 (DP/2009/11), which is the basis for indicators F1.1.a and F1.1.b (see table below). This qualitative reporting is supplemented by the third indicator, F1.1.c, which draws quantitative data from the UNDP products and services survey to measure staff satisfaction with the direction and communication of the vision and strategic positioning of UNDP. This function could be

affected by Executive Board decisions, intergovernmental processes, and the overall funding environment. Decision 2009/9, for example, requests the Administrator to report on specific challenges to the implementation of the strategic vision; present a mid-term review of the extended strategic plan to the annual session 2011; and submit a cumulative review of the extended strategic plan to the first regular session 2013. These reports should further support indicators F1.1.a and F1.1.b.

151. *Accountability and funding levels.* Accountability for results in this function rests with the Executive Office. The report on the operationalization of the strategic plan, 2008-2011 (DP/2009/11) reported on 2008 progress towards established targets in the management area. The Executive Board commended UNDP for comprehensive and clear reporting with respect to 2008 management achievements and challenges. It was noted that client satisfaction with the leadership of UNDP in the resident coordinator system was not assessed because the partners survey underwent a major review. Table 4 reflects funding levels for this function - $8.9 million in 2008-2009 and $7.8 million in 2010-2011 – incorporating volume decreases of $1.3 million due to efficiency gains, shifts and reductions, offset by cost increases of $0.2 million.

Expected key results under function 1

Management results		Indicators		Baseline	Target 2010	Target 2011
F1.1	Effective leadership and direction for the mandate and mission of UNDP	F1.1.a	Degree to which strategic plan institutional results are achieved *Source:* Report on the operationalization of the strategic plan, 2008-2011	Report on the operationalization of the strategic plan (DP/2009/11)	Targets as stated in the extended strategic plan institutional results frameworks	Targets as stated in the extended strategic plan institutional results frameworks
		F1.1.b	Degree to which strategic plan development results are achieved *Source:* Report on the operationalization of the strategic plan, 2008-2011	Report on the operationalization of the strategic plan (DP/2009/11)	Targets as stated in the extended strategic plan development results frameworks	Targets as stated in the extended strategic plan development results frameworks
		F1.1.c	Percentage of reported staff satisfaction with the direction and communication of overall vision and strategic positioning of UNDP *Source:* UNDP products and services survey	New question in 2009 – to be determined	To be determined	To be determined

Function 2. Representation and advancement of the core mandate

152. *Definition and description.* UNDP country office and headquarters activities related to representing and advancing the core mandate and major programme goals of the organization. Activities in this function are carried out principally in country offices, but may also occur in regional or headquarters units. All units will integrate and apply the extended strategic plan to daily management, programmatic/policy activities and support to the operational activities of the United Nations system, including integration of development effectiveness principles into programmes, and achievement of greater programme concentration in the four focus areas of UNDP.

153. *Issues and narrative.* This function directly supports the results outlined in the extended strategic plan in the chapters on: UNDP operations; and Managing for results: accountability, risks, and resources. During 2010-2011, UNDP will prioritize enhanced support to national priorities through further alignment of the global, regional and country programmes based on country-driven demand within the context of extended strategic plan priorities. UNDP effectiveness will be measured, in part, through

programme alignment to national development plans. This is reflected in the extended strategic plan results matrix on cross-cutting issues from which indicator F2.1.a is derived. UNDP effectiveness in advancing its core mandate will be assessed from the client/programme country perspective through regular partnership surveys as reflected in indicator F2.1.b. The alignment of UNDP expenditure with the four focus areas of the extended strategic plan, indicator F2.1.c, will be impacted by emerging global and national priorities and the need to react quickly and decisively to such complex development challenges as climate change, the economic crisis and emergency situations.

154. *Accountability and funding levels.* Accountability for results in this function rests largely with country offices and headquarters regional bureaux. During the first year of the strategic plan (2008), the majority (92.1 per cent) of programme resources were earmarked within the four focus areas. This represents improved alignment of programme resources within the core mandate of UNDP. Table 4 reflects funding levels for this function – $32.4 million in 2008-2009, and $34.3 million in 2010-2011 – incorporating volume decreases of $0.9 million due to efficiency gains, shifts and reductions, offset by cost increases of $2.8 million.

Expected key results under function 2

Management results		Indicators		Baseline	Target 2010	Target 2011
F2.1	Effective and enhanced contribution to national development plans and priorities in line with UNDP focus areas	F2.1.a	Percentage of partners that rate UNDP as effective in ensuring national ownership of UNDP-supported programmes and projects throughout the programme cycle *Source:* Partners survey	90% (2008)	93%	93%
		F2.1.b.	Percentage of partners perceiving as an effective contributor to the focus areas *Source:* Partners survey	Millennium Development Goals: 58% Poverty: 43% Energy and environment: 33% Democratic governance: 46% Crisis prevention and recovery: 34%(2007)	60%	60%
		F2.1.c.	Percentage of programme expenditure reported within the focus area *Source:* Executive balanced scorecard	92.5% (2008)	95%	95%

Function 3. Institutional policy and strategy development, planning and guidance

155. *Definition and description.* This function covers the planning UNDP goals, business lines and approaches. Activities in this function will be devoted to assuring institutional policies, strategies, rules and procedures are up-to-date and relevant. This should reflect overall direction from senior management on goals, strategies, business lines and approaches, and their clear and timely communication to organizational units.

156. *Issues and narrative.* This function supports results outlined in the extended strategic plan in the chapters on: UNDP operations; and Managing for results: accountability, risks, and resources. In 2008-2009, the policies and procedures for accountability, risk management, results-based planning and budgeting, and the enhanced results-based management platform were developed, tested, and rolled out to all organizational units. Top priorities for 2010-2011 include: implementation and enhancement of results-based management; rigorous application of the practice architecture in the development of policy frameworks, products and tools; and strengthening the management and sharing of knowledge. Indicators F.3.1.a, F.3.2.a and

F.3.3.a will assess the robustness of the UNDP results-based management system, practice leadership and guidance, and knowledge products and services provided to UNDP supported programmes/projects based on user feedback from the products and services survey. Indicator F.3.1.b will assess the timely implementation and integration of results-based management into the enhanced results-based management platform. Similarly, indicator F.3.3.b will assess the timely implementation of the UNDP knowledge strategy, which is based on a five-step approach.

157. *Accountability and funding levels.* Accountability for results in this function rests largely with headquarters units, including the Operations Support Group, BDP, the BCPR, the Partnerships Bureau, and BOM. Key 2008 achievements were the successful implementation of enterprise risk management and enhancement of results-based management system, both of which contributed to strengthening the culture of accountability and management of results throughout the organization. Table 4 reflects funding levels for this function – $29.6 million in 2008-2009 and $33.4 million in 2010-2011 – incorporating net volume increases of $2.4 million and cost increases of $1.4 million. Volume increases of $7.2 million are offset by volume decreases of $4.8 million due to efficiency gains, shifts and reductions. Real increases relate to: (a) strengthening support to crisis prevention and recovery activities to include the establishment at headquarters of three new D1 level posts and one new international professional post; and (b) enhanced management and sharing of knowledge.

Expected key results under function 3

Management results		Indicators		Baseline	Target 2010	Target 2011
F.3.1	Continuous enhancement of results-based management in the organization	F.3.1.a	Percentage of users satisfied with the enhanced results-based management system *Source:* PSS*	53.7% (2007)	60%	65%
		F.3.1.b	Timely implementation of major results-based management initiatives *Source:* Enhanced results-based management platform	Four separate results-based management tools (2008)	Integrated results-based management tools rolled out to all country offices	Results-based management platform completed and fully integrated with other planning tools
F.3.2	Top quality practice leadership and policy guidance provided	F.3.2.a	Percentage of users satisfied with practice leadership and policy guidance *Source:* PSS	New in 2009	To be determined	To be determined
F.3.3	Knowledge management frameworks, products and services support the policy, programming and project cycles	F.3.3.a	Percentage of users satisfied with the quality and relevance of knowledge products and services *Source:* PSS	New in 2009	To be determined	To be determined
		F.3.3.b	Timely implementation of the UNDP knowledge strategy *Source:* BDP database	Steps 1 and 2 completed	Steps 3 and 4 completed	Step 5 completed

PSS = Products and services survey

Function 4. Programme guidance, management and oversight

158. *Definition and description.* This function covers development, approval and implementation of UNDP programmes at the country, regional and global levels, including guidance to programme formulation and implementation, oversight of

programmes, and overall programme management of country operations to ensure programmes proceed toward approved results. This function does not cover operational management of the specific programmes themselves – those costs are an integral part of the programmes. The objective of this function is to ensure country programme strategies (and the programmes/projects falling under them) are of high quality, and are prepared, approved and implemented in alignment with the goals of the extended strategic plan and UNDP prescriptive content.

159. *Issues and narrative*. This function directly supports results outlined in the strategic plan in the chapters on: UNDP operations; and Managing for results: accountability, risks, and resources. It is also directly linked to the extended strategic plan sections on strengthening national ownership of the programming process, and integration of capacity development to UNDP supported programmes. Overall, this function ensures the alignment of UNDP programmes with development priorities and plans of programme countries, while taking into full consideration UNDP comparative advantages in its four practice areas. The diversity of national development contexts across the five regions, security risks, and potential resource constraints will influence the success of this function.

160. The results in this function have been prepared to clearly differentiate between management and development effectiveness activities, both of which are presented herein. The first two results (F.4.1. and F.4.2.) support management activities relating to programme guidance and oversight, and country office programme management. The next two results (F.4.3. and F.4.4) support development effectiveness activities relating to programme development and implementation, and programme policy advisory services.

161. Strong regional bureaux programme guidance and oversight, and country office programme management are critical management activities for continuous enhancement of programme quality and accountability. Performance in these areas will be monitored through country office and regional bureaux balanced scorecards (indicators F4.1.a and F.4.2.a).

162. UNDP has established a standardized, web-based integrated work planning tool that supports country office and headquarters unit operations and enables effective monitoring of progress toward the achievement of stated outputs (indicator 4.3.a). In addition, UNDP plans to present approximately 70 country programme documents to the Executive Board during 2010-2011. In this regard, new country programme formulations will be systematically guided by evaluation findings and recommendations, and monitored accordingly (indicator F4.3.b). Programme and regional bureaux, as well as country offices, will be guided by the overarching vision of strengthening capacity development at the country level within the context of the extended strategic plan. Progress in this regard will be measured by indicator 4.4.a. This will be achieved through upstream policy advice backed by well-selected, strategic projects/programmes interventions. A set of strategies will be employed to reach this vision to include: (a) clearly defined policy priorities where UNDP will play a leadership role in each region (with emphasis on climate change, the achievement of the Millennium Development Goals and poverty reduction; (b) improved strategic engagement across countries (middle income countries, low-income countries, conflict-affected and fragile states, and small island developing states) with a view to developing coherent approaches, cross-country and cross-regional partnerships, and addressing high-risk areas; (c) strengthened and streamlined regional centres as a critical resource for the regions and programme countries; and (d) building strategic regional partnerships to support policy development, advocacy and programme delivery.

163. *Accountability and funding levels*. Accountability for results in this function rests primarily with country offices and headquarters regional and programme bureaux. Performance indicators on programme development, monitoring, guidance and

oversight ensured proper oversight and technical support to country offices, in the form of regular missions and country reviews. Nevertheless, the indicators have been substantially revised in the 2010-2011 results framework as they were not found responsive enough. For those indicators derived from the Partners Survey or the Products and Services Survey, 2008 results are not available given the timing in launching of these surveys.

164. *Funding levels for management activities.* Table 4 reflects funding levels for this function for management activities related to programme guidance and oversight, and programme management – $97.9 million in 2008-2009 and $115.5 million in 2010-2011 – incorporating net volume increases of $7.3 million and cost increases of $10.3 million. Volume increases of $10.1 million are offset by volume decreases of $2.8 million due to efficiency gains, shifts and reductions. Real increases relate to: (a) strengthening support to crisis prevention and recovery activities to include the establishment at headquarters of six international professional and six general service level posts; and (b) strengthening operational support in the Africa region to include the establishment at the country office level of five international professional positions and 10 national officer positions.

165. *Funding levels for development effectiveness activities.* Table 4 reflects funding levels for this function for development effectiveness activities related to programme development and implementation and programme policy advisory services – $106.3 million in 2008-2009 and $119.3 million in 2010-2011 – incorporating volume decreases of $0.9 million offset by cost increases of $13.9 million. Volume increases of $10.7 million are offset by volume decreases of $11.6 million due to efficiency gains, shifts and reductions. Real increases relate to: (a) strengthening substantive response to climate change activities to include the establishment at the country office level of four international professional and 24 national officer posts; (b) strengthening substantive contributions to achievement of the Millennium Development Goals to include the establishment at the country office level of five international professional posts; (c) strengthening substantive contributions to crisis prevention and recovery activities to include the establishment at the regional level of five international professional posts and one general service level post; and (d) strengthening substantive contributions to South-South cooperation activities to include the establishment at the regional level of two international professional posts.

Expected key results under function 4

Management results		Indicators		Baseline	Target 2010	Target 2011
F4.1	Satisfactory institutional guidance and oversight of regional bureaux	F4.1.a	Regional bureaux with satisfactory balanced scorecard ratings *Source:* Regional bureau balanced scorecards	To be determined for each regional bureau in 2009	To be determined	To be determined
F4.2	Satisfactory country office management	F4.2.a	Percentage of country offices with satisfactory balanced scorecard ratings *Source:* Country office balanced scorecards	45% (2008)	50%	65%
F4.3	Enhanced quality and effectiveness of programme/ project development and implementation support	F4.3.a	Achievement of development work plan output targets *Source:* Executive balanced scorecard	72.7 points (2008)	80 points	85 points
		F4.3.b	Percentage of management responses to independent and decentralized evaluations *Source:* Executive balanced scorecard	50% (2009)	75%	95%
F4.4	Enhanced quality and support of policy advisory services to integrate capacity development into UNDP programme/project	F4.4.a	Percentage of partners that rate UNDP programmes / projects as effective in developing national capacity *Source:* Partners survey	To be determined in 2009	70%	75%

Function 5. Procurement and supply management

166. *Definition and description.* The purpose of function 5 is to provide guidance and oversight on the procurement of goods and services, and ensure value for money through an organizational knowledge network on supply and procurement issues. The objective is to ensure UNDP has systems and resources in place to support transparent and effective procurement and oversight with respect to country offices and headquarters units. The function does not include the procurement process; that is included within individual programmes and under General administrative management (function 12).

167. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risk and resources. It covers strengthened guidance and oversight of the UNDP global procurement process to ensure compliance with procurement guidelines and mitigation of risks. Strong procurement policies and procedures, technical support and oversight are considered prerequisites for a transparent and competitive procurement system. In this regard, the procurement support office will focus on the following priorities during 2010-2011: institutionalization of procurement planning; procurement risk and vendor management; and procurement professionalization. An advisory committee on procurement was formally established as an independent advisory body to the BOM director, who is also the chief procurement officer of UNDP. The advisory committee on procurement ensures that procurement proposals above prescribed limits, or with exceptional provisions, are in compliance with procurement guidelines and financial regulations and rules, thus mitigating UNDP procurement risks. The advisory committee on procurement is supported by regional advisory committees on procurement, which provide similar timely advice to country offices. The indicators below will monitor the continuous enhancement and professionalization of the procurement function, including timely and quality support to procurement activities, and improved oversight and accountability.

168. *Accountability and funding levels.* Accountability for results in this function rests with the procurement support office and the advisory committee on procurement. In 2008, the percentage of certified procurement practitioners reached 91 per cent. As a result, a more advanced procurement course – Level 2 – has been introduced for procurement practitioners, as reflected in the new indicator (F5.1.a). Table 4 reflects funding levels for this function - $4.9 million in 2008-2009 and $4.8 million in 2010-2011 – incorporating volume decreases of $0.2 million due to efficiency gains, shifts and reductions offset by cost increases of $0.1 million.

Expected key results under function 5

Management results		Indicators		Baseline	Target 2010	Target 2011
F5.1	Timely and effective procurement support	F5.1.a	Percentage of procurement practitioners certified at level 2 *Source:* BOM balanced scorecard	0% (2009)	50%	80%
		F5.1.b	Percentage of operating units satisfied with timeliness and quality of procurement support *Source:* PSS	70% (2007)	75%	80 %
F5.2	Timely and effective oversight of the procurement process	F5.2.a	Percentage of cases approved during first round of advisory committee on procurement review *Source:* advisory committee on procurement database	67% (2008)	70%	75%
		F5.2.b	Percentage of operating units satisfied with timeliness and quality of procurement oversight *Source:* PSS	73 % (2007)	75%	80%

PSS = Products and services survey

Function 6. Crisis prevention, recovery and emergency management

169. *Definition and description.* Function 6 covers the capacity to respond quickly to crisis situations in developing countries. This function is limited to administering and providing additional temporary capacity to respond to emergency and crisis situations. It ensures that UNDP headquarters can support disaster risk reduction and rapidly respond to country office requirements in related areas. Broad policies related to crisis prevention are covered under 'institutional policy and strategy development, planning and guidance' (function 3).

170. *Issues and narrative.* This function supports the results outlined in the strategic plan in the chapters on: UNDP operations; and Crisis prevention and recovery. BCPR leads efforts to ensure that the role of UNDP in crisis and post-crisis situations is clearly defined, that UNDP is properly equipped to fulfil its role, and that all levels of the organization are prepared to deliver recovery and development support in the aftermath of a natural disaster or conflict. Since this function is limited to administering the deployment of core capacity for immediate response, the indicators focus on the timeliness of responses and the utilization of supporting tools (expert roster for rapid response).

171. *Accountability and funding levels.* Accountability for results in this function rests with BCPR. This function also includes UNDP programmatic support to crisis prevention and recovery, carried out through 15 international emergency response posts. As proposed in methodology and approach to the UNDP biennial support budget, 2010-2011 (DP/2009/30), and as endorsed in Executive Board decision 2009/22, these are considered development effectiveness activities. UNDP increased the speed of deploying emergency financial grants from 72 hours in 2007 to 16 hours in 2008. Table

4 reflects funding levels for this function - $0.6 million in 2008-2009 and $0.6 million in 2010-2011.

Expected key results under function 6

Management results		Indicators		Baseline	Target 2010	Target 2011
F6.1	Ensure UNDP response to humanitarian and post-crisis situations consistent with its core mandate	F6.1.a	Timely deployment of personnel in emergency situations *Source:* BCPR database	60 hours (2008)	48 hours	48 hours
		F6.1.b	Percentage of experts recruited from the experts roster for rapid response *Source:* BCPR database	80 % (2009)	85 %	90 %

Function 7. External relations and partnerships

172. *Definition and description.* Function 7 covers support for and relations with the Executive Board, other oversight bodies and governments; and partnership building with civil society organizations, public and private sector organizations and others (beyond those related to specific UNDP programmes). This function also includes relations with other entities within the United Nations system and with international financial institutions. UNDP activities carried out with other United Nations organizations are covered under Support to operational activities of the United Nations system (function 17).

173. *Issues and narrative.* This function supports and cuts across the critical pillars of the UNDP business model, as outlined in the extended strategic plan. UNDP supports national governments in creating an enabling environment for partnerships with each other, the United Nations system, civil society, non-governmental organizations and the private sector. The primary purpose is to search for new and innovative solutions to development challenges in accordance with national policies and priorities. In 2008-2009, UNDP further strengthened its cooperation with United Nations agencies by signing memorandums of understanding and formalizing working arrangements to create new synergies and effective divisions of labour. New platforms of cooperation were launched with representative civil society groups leading to the emergence of new forums for dialogues on issues related to development priorities. The private sector featured prominently in the development work of UNDP in the area of poverty reduction, as well as in finding ways to ensure a more prominent role for it in development in over 30 programme countries. In addition, UNDP increased the number of partnerships with foundations and regional and local governments. This increased collaboration with various partners has also provided additional funding for UNDP development work. Continued partnership building along the lines described during 2008-2009 remains an important objective during 2010-2011. In addition, UNDP will seek to increase partner understanding of and participation in UNDP strategy development initiatives and programmes. Success in achieving results in this function is largely dependent on the willingness and ability of other organizations to build partnerships with UNDP and to establish platforms for joint action. Those platforms and alliances are indispensable for ensuring the overall contribution of UNDP to United Nations development system coordination, and successful advocacy and provision of development services for the achievement of the Millennium Development Goals. During 2010-2011 UNDP will also seek to strengthen its relationship with the Executive Board and improve its ability to respond effectively and promptly to Board requests.

174. *Accountability and funding levels.* Accountability for results in this function rests with the Partnerships Bureau at headquarters. In 2008, UNDP successfully developed new partnerships with various organizations to include: new memorandums of

understanding in the United Nations system with the United Nations Human Settlements Programme, with the United Nations Educational, Scientific and Cultural Organization, the United Nations Environment Programme, the United Nations Office on Drugs and Crime; in civil society with CIVICUS; in the private sector through the private sector window of the UNDP-Spain Millennium Development Goal Trust Fund; and in foundations with the Bill & Melinda Gates Foundation. Table 4 reflects funding levels for this function – $29.4 million in 2008-2009 and $31.2 million in 2010-2011 – incorporating $2.2 million in volume decreases due to efficiency gains, shifts and reductions offset by $4 million in cost increases.

Expected key results under function 7

Management results		Indicators		Baseline	Target 2010	Target 2011
F7.1	Partnerships with foundations, the private sector, civil society organizations and decentralized authorities strengthened	F7.1.a	Number of new platforms and alliances with foundations, the private sector, civil society organizations and other partners launched *Source*: Partnerships Bureau balanced scorecard	10 (2009)	8	8
F7.2	Support to the Executive Board strengthened	F7.2.a	Timely availability of documents online for each Executive Board session *Source*: Partnerships Bureau balanced scorecard	50% (2009)	60%	70%

Function 8. Internal and external communication: media and public relations

175. *Definition and description.* Function 8 supports increased understanding by external and internal audiences of the role, activities, programme and management goals of UNDP through enhanced communication. Activities in this function publicize the mandate and accomplishments of UNDP to the global public and lay the foundation for future programming activities, including advocacy of specific policies and programmes.

176. *Issues and narrative.* This function cuts across the results outlined in the strategic plan. During 2008-2009, there was a growing interest in the work of UNDP based on increased international coverage and a higher incidence of reference to UNDP by major web publications and academic journals. In addition, country office websites largely met UNDP standards for information disclosure and transparency, and UNDP communications tools continued to be in demand by the United Nations system. During 2010-2011, UNDP will continue to enhance external and internal communications. The objective is to ensure that the UNDP vision, and related priority development challenges and results, are delivered to the largest possible audience. UNDP also plans to introduce a new content management system, as recommended by the Joint Inspection Unit, to facilitate and enhance online presence and public dissemination of information through the UNDP website.

177. *Accountability and funding levels.* Accountability for results in this function rests with the Communications Office in the Partnerships Bureau at headquarters. The quality of information provided on country office websites – considered a key UNDP external communication tool – improved during 2008, reflecting a steady increase in the number of country offices meeting UNDP website quality standards. In this regard, 71 per cent of country offices met the standard in 2008 compared to 65 per cent in 2007. Table 4 reflects funding levels for this function – $10.5 million in 2008-2009 and $9.8 million in 2010-2011 – incorporating $1.2 million in volume decreases due to efficiency gains, shifts and reductions offset by $0.5 million in cost increases.

Expected key results under function 8

Management results		Indicators		Baseline	Target 2010	Target 2011
F8.1	UNDP strategy, business and results effectively communicated within and outside UNDP	F8.1.a	Number of times UNDP is referred to, in quotes by officials, in print and electronic media, and by leading academic/research journals. *Source:* Partnerships Bureau balanced scorecard	To be determined	5% increase	5% increase
		F8.1.b	Percentage of country office websites that reflect key UNDP priorities and meet transparency requirements *Source:* Country office balanced scorecards	71% (2008)	75%	80%
		F8.1.c	Timely implementation of the new content management system initiatives *Source:* Partnerships Bureau balanced scorecard	10% (2009)	30%	40%

Function 9. Resource mobilization and fund-raising

178. *Definition and description.* The purpose of function 9 is to attract and leverage resources from donors and programme governments, non-governmental organizations, and through partnerships with other public and private organizations. The activities in this function are intended to assure that United Nations and UNDP contributions are in line with projections made in the extended strategic plan.

179. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapters on the integrated financial resources framework and UNDP support to strengthening United Nations system-wide coherence. It also supports the extended strategic plan objective of having regular resource contributions rise more rapidly than other resources contributions, in order to rebalance the ratio of regular to other resources. Resources mobilization entails a number of uncertainties: political (the general climate of support for the United Nations and UNDP); financial (exchange rate fluctuations); economic (the condition of worldwide donor government budgets); and substantive (donors may continue to limit the amount of regular resources funding, while contributing more to other resources for a variety of reasons). Despite these uncertainties, during 2010-2011 UNDP will continue to advocate for the mobilization of resources in line with extended strategic plan targets, and seek to increase the non-traditional donor base.

180. *Accountability and funding levels.* Accountability for results in this function rests with Division for Resources Mobilization in the Partnerships Bureau. UNDP received $1.1 billion in 2008 voluntary contributions to regular resources, which is in line with the resource target in the extended strategic plan. Other resources contributions during 2008 were $3,750 million, which was 4 per cent less than the resource projection ($3,900 million). UNDP also further diversified its donor base by mobilizing $22 million from non-Organisation for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) donors; a 21 per cent increase over 2007. Table 4 reflects funding levels for this function – $2.3 million in 2008-2009 and $2 million in 2010-2011 – incorporating volume decreases of $0.3 million due to efficiency gains, shifts and reductions.

Expected key results under function 9

Management results		Indicators		Baseline	Target 2010	Target 2011
F9.1	Resources mobilized in line with income projections of the	F9.1.a	Regular resources mobilized in line with the extended strategic plan targets	$1,101 million (2008)	$1,400 million	$1,550 million

	extended strategic plan		*Source:* annual reports on funding commitments to UNDP			
		F9.1.b	Other resources mobilized in line with extended strategic plan targets *Source:* annual reports on funding commitments to UNDP	$3,663 million (2008)	$3,800 million	$3,750 million
F9.2	Increase in non-traditional/non-OECD/ DAC donor contributions	F9.2.a	Number of non-OECD-DAC countries making contributions *Source:* Partnerships Bureau balanced scorecard	38 countries (2009)	40 countries	45 countries

Function 10. Financial management

181. *Definition and description.* The purpose of function 10 is to establish and maintain systems of financial management and accountability; manage financial and other assets of UNDP; support the allocation of UNDP resources; optimize the use of expected/available funds based on planning and budget priorities; and manage and report on financial transactions involving the use of UNDP resources.

182. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources, specifically on resource management, and integration of planning, budgeting and performance management. Continuous strengthening of financial management will remain a priority in 2010-2011. The institutional standards for financial management, as reflected in the financial data quality dashboard indicator (F.10.1.a), will continue to enable UNDP to monitor the accuracy and quality of financial data. Responsiveness to internal audit (F.10.1.b) and United Nations Board of Auditors (F.10.1.c) recommendations will also serve as key indicators. Similarly with respect to the successful implementation of IPSAS, the timely adoption of standards (F10.1.d) will be critical. Improved resources planning, budgeting, oversight and delivery of regular and other resources will be prioritized, with an emphasis on increased programme delivery (F10.2.a), stronger extra-budgetary income management (F.10.2.b) and cost containment. In addition, the preparation and presentation of unqualified financial statements, approval and implementation of coherent and aligned resource frameworks (biennial support budget and programming arrangements) and harmonization of financial regulations and rules are also top priorities for 2010-2011.

183. Accountability and funding levels. Accountability for results in this function rests with the Office of Planning and Budgeting and the Office of Finance and Administration. In 2008, UNDP further strengthened internal financial controls in Atlas and revised its internal control framework guidelines in accordance with the recommendation of the Board of Auditors. In terms of financial data quality, 92 per cent of country offices met the established standards. Table 4 reflects funding levels for this function – $54 million in 2008-2009 and $56 million in 2010-2011 – incorporating volume reductions of $6.2 million due to efficiency gains, shifts and reductions offset by cost increases of $8.2 million.

Expected key results under function 10

Management results		Indicators		Baseline	Target 2010	Target 2011
F10.1	Improved financial management procedures and systems	F10.1.a	Percentage of operating units that meet institutional standards of financial data quality dashboard *Source:* Executive balanced scorecard	79% (2008)	85%	90%
		F10.1.b	Percentage of audit recommendations	84%	90 %	90 %

			implemented by country offices *Source:* Executive balanced scorecard	(2008)		
		F10.1.c.	Implementation rate of United Nations Board of Auditors recommendations *Source:* Executive balanced scorecard	75% (2009)	100%	100%
		F10.1.d	Number of IPSAS standards adopted	IPSAS strategy approved (2008)	Treasury standards IPSAS 04, 15, International Accounting Standard 39 adopted	6 out of 22 standards adopted
F10.2	Sound and rigorous stewardship of financial resources ensured	F10.2a	Delivery rate of regular and other programme resources (expenditure/budget ratio) *Source:* Executive balanced scorecard	69.3% (2008)	75%	80%
		F10.2b	Cost recovery rate – third party cost sharing and trust funds *Source:* Executive balanced scorecard	5.6% (2008)	6.5%	7%

Function 11. Information and communications technology management

184. *Definition and description.* The purpose of function 11 is to develop and manage modern information technology to serve the needs of the organization worldwide and ensure UNDP investments in information and communication technology promote and enhance organizational and development effectiveness. Results are produced through the provision of a variety of information technology services including: (a) developing and procuring information systems and equipment that serve the business needs of the organization; (b) ensuring that worldwide communication capability (such as telephone, e-mail and Internet connectivity) is installed and available to permit effective organizational operation; and (c) providing technical support to UNDP staff in developing and utilizing systems applications to improve business operations, assuring that existing systems and equipment are operating successfully, protecting intellectual property, privacy and other assets of the organization, and managing UNDP knowledge databases.

185. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources. For the organization to operate effectively, it is essential to maintain the UNDP information and communication technology systems and ensure their availability and performance during 2010-2011. Timely implementation of the 11 strategic information and communication technology initiatives is also critical, including: (a) leveraging and enhancing the Atlas enterprise resource planning system to automate and streamline additional business processes; (b) improving the effectiveness of central and unit-based intranets and productivity centres; (c) improving management reports and tools including the results-based management platform; and (d) improving country office connectivity and virtual communication tools to enhance and facilitate collaboration while reducing travel.

186. *Accountability and funding levels.* Accountability for results in this function rests with the Office of Information Systems and Technology. Atlas real-time availability reached, and was maintained, at 99.5 per cent during 2008. The financial management systems were upgraded to version 9.0 and a project assessment for IPSAS was initiated. A new UNDP information and communication technology strategy was formulated for 2008-2011, with implementation to be monitored within the framework of 2010-2011

biennial support budget. Table 4 reflects funding levels for this function – $48.2 million in 2008-2009 and $44.9 million in 2010-2011 – incorporating volume decreases of $5.8 million due to efficiency gains, shifts and reductions offset by cost increases of $2.5 million.

Expected key results under function 11

Management results		Indicators		Baseline	Target 2010	Target 2011
F11.1	Information and communications technology platform effectively supports and serves programmatic and management needs	F11.1.a	Availability and uptime of institutuional systems *Source:* BOM balanced scorecard	99% (2008)	99.5%	99.5%
		F11.1.b	Implementation rate of 11 strategic information and communication technology initiatives *Source:* BOM balanced scorecard	50% (2008)	75%	100%

Function 12. General administrative management

187. *Definition and description.* Function 12 covers the provision of workplace and support services (travel, assets and general services) that permit UNDP staff at all locations to carry out the mission of the organization. Costs include rents and utilities relating to office facilities at headquarters and country offices, supplies and equipment needed to carry out biennial support budget functions, and the cost of staff that provide administrative services.

188. *Issues and narrative.* This function cuts across the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources. Results for this function are produced through delivery of efficient and cost-effective general administrative and management services. Global training of staff responsible for asset management is of paramount importance, especially in preparation for IPSAS implementation. The country office support function will include a global policy review of premises, and provide continued leadership to the premises relocation committee, which coordinates the evaluation of and response to all country office relocation proposals, security-driven or otherwise. The travel function will undertake a policy review and full market analysis in order to improve cost efficiencies and achieve synergies. The headquarters facilities function will seek to achieve cost/space efficiencies and meet greening standards.

189. *Accountability and funding levels.* Accountability for results in this function rests with the Office of Finance and Administration. Improvement in the safeguarding of assets during 2008 was reflected, with 85 per cent of operating units completing year-end certifications on a timely basis. Table 4 reflects funding levels for this function – $72.7 million in 2008-2009 and $75 million in 2010-2011 – incorporating volume decreases of $8.9 million due to increased efficiency, shifts and reductions, offset by cost increases of $11.2 million.

Expected key results under function 12

Management results			Indicators	Baseline	Target 2010	Target 2011
F12.1	Improved administrative management procedures and system	F12.1.a	Percentage of units reporting certified asset inventories by year end *Source:* Administrative Services Division database	85% (2008)	90%	95%
		F12.1.b	Number of country offices supported by the premises relocation committee *Source:* Administrative Services Division database	25 (2009)	30	30

Function 13. Human resources management

190. *Definition and description.* The purpose of function 13 is to ensure that capable staff are in place to achieve organizational goals and key priorities of the extended strategic plan. Achieving this will require: (a) recruiting qualified staff internally and externally to fill vacant posts; (b) deploying and rotating staff to support achievement of UNDP programmes and objectives; (c) training and educating staff to assure that skills and competencies required for agency functions are available; (d) establishing and managing a system of performance review and evaluation that rewards personal and organizational performance and provides remediation for less-than-satisfactory performance; and (e) providing adequate counselling for agency staff on issues such as career development and grievances.

191. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources. UNDP will strengthen strategic human resources management so that skills mix and staff capacity mirror institutional requirements. The present demographic makeup of UNDP indicates a high retirement rate over the next several years. Therefore, talent management warrants special attention, to include: succession planning; career development; and staff retooling. UNDP seeks to enhance the ability to attract, retain and develop talent through proactive workforce planning and management. Implementation of the strategy will match staff capacities and skills to UNDP requirements, and address competency needs and succession planning. Ongoing efforts to achieve gender balance throughout the organization will continue, noting that an improvement of 3 per cent was achieved between 2007 and 2008 in the overall representation of women. In line with General Assembly resolution 63/250, UNDP has prioritized the streamlining of contractual arrangements and the harmonizing of conditions of service. Strengthened learning in substantive programmatic areas and leadership, management, and professional certification programmes, will enhance staff capacities to implement the extended strategic plan effectively. Establishing candidate pools for surge and leadership roles is also a top priority.

192. *Accountability and funding levels.* Accountability for results in this function rests with the Office of Human Resources. In 2008, 68.5 per cent of staff reported in the Global Staff Survey that they were satisfied with the work environment. Further progress towards results under this function were outlined in the report on the operationalization of the UNDP strategic plan, 2008-2011 (DP/2009/11), especially with regard to strengthening staff capacity. Table 4 reflects funding levels for this function – $92.8 million in 2008-2009 and $93.2 million in 2010-2011 – incorporating volume decreases of $5 million due to increased efficiency, shifts and reductions, offset by cost increases of $5.4 million.

Expected key results under function 13

Management results		Indicators		Baseline	Target 2010	Target 2011
F13.1	Attract, develop and retain a talented and diversified workforce	F13.1.a	Staff satisfaction with work environment *Source:* Executive balanced scorecard	68.5 points (2008)	75 points	75 points
		F13.1.b	Gender balance All levels D1 and above *Source:* Executive balanced scorecard	42% female 35% female (2008)	45% 40%	50% 45%
		F13.1.c	Number of staff members with key institutional certifications	Finance-672 Human resources-317 Procurement-1079	At least one staff member per country	At least one staff member per country

			Source: Office Of Human Resources database	Project management-2,856 (2008)	office / unit for each	office / unit for each
		F13.1.d	Leaders pool established with criteria for middle / senior management functions *Source*: Office Of Human Resources database	Framework established	Pilot pool established	Full pool established

Function 14. Internal audit and investigation

193. *Definition and description.* Function 13 covers the internal audit of UNDP programmes and operations and investigations of alleged wrongdoing help ensure the integrity and efficiency of the organization. Through its internal audits, the Office of Audit and Investigations (OAI) provides independent, objective assurance designed to add value and improve UNDP operations by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Through its investigations, OAI provides an independent and objective examination of allegations of misconduct on the part of the staff members of the organization.

194. *Issues and narrative.* This function supports results outlined in the strategic plan in the chapter on Managing for results: accountability, risks, and resources. Results are produced through delivery of timely and high-quality internal audit and investigation services. In 2009, OAI has achieved general conformity with the International Standards for the Professional Practice of Internal Auditing, as confirmed by an external validation. Also in 2009, an external quality assessment of the investigations function confirmed its compliance with generally accepted standards. While the responsibility for the implementation of audit recommendations lies with management, OAI provides the systems to report and track implementation status, and monitors progress by rigorously following up on the implementation, and calculating implementation rates on an individual audit, country, regional and overall UNDP basis. The main issues relating to the provision of audit and investigation services are competing demands and resource constraints.

195. *Accountability and funding levels.* Accountability for results in this function rests with the OAI. The frequency of internal audits met established targets, and the audits fully met the level of assurance established by UNDP management in consultation with the audit advisory committee. A total of 44 risk-based audit reports were issued during 2008. Each report took an average of 8.8 months, including fieldwork. Non-governmental organization (NGO)/national implementation (NIM) audit reports and issuance of review letters were managed in a timely basis by 84 per cent of country offices. Table 4 reflects funding levels for this function – $28.6 million in 2008-2009 and $30.5 million in 2010-2011 – incorporating volume decreases of $0.7 million due to efficiency gains, shifts and reductions offset by cost increases of $2.6 million.

Expected key results under function 14

Management results		Indicators		Baseline	Target 2010	Target 2011
F14.1	***Internal audit*** Reasonable assurance on the effectiveness and adequacy of internal controls and the efficient use of UNDP resources is provided	F14.1.a	Number of risk-based audit reports of country offices and other business units and functions issued per year *Source:* Audit database	57 (2008)	60	60
		F14.1.b	Timely review of NGO/NIM audit reports and issuance of review letters (share of received NGO/NIM reports reviewed) *Source:* Audit database	75% (2008)	80%	85%
		F14.1.c	Timely issuance of audit reports (share of audit reports issued within three months of the end of the field work) *Source:* Audit database	20% (2008)	50%	60%

F14.2	***Investigations*** Allegations of wrongdoing are properly and swiftly addressed	F14.2.a	Timely completion of investigations (share of investigations concluded within six months from the receipt of allegations). *Source*: Audit database	25% (2008)	40%	50%

Function 15. Evaluation

196. *Definition and description.* This is a longstanding, widespread function, carried out by the operational programmes of the organization (decentralized evaluations), and by the Evaluation Office. This function captures only institutional (central) evaluation, as operational programmes evaluation is integral to the monitoring and evaluation of programmes. The evaluation policy of UNDP was endorsed by the Executive Board in decision 2006/20 and guides evaluation activities.

197. *Issues and narrative.* This function supports the results outlined in the strategic plan in the chapters on: UNDP operations; managing for results: accountability, risks, and resources; and monitoring, evaluation and reporting. Institutional programme and strategic evaluations support accountability, inform decision-making, and contribute to organizational learning through the provision of systematic, independent assessment of results and development effectiveness with respect to UNDP strategies, policies and programmes. The Executive Board requested UNDP for extended evaluation coverage of operational activities. The Evaluation Office will continue to conduct about 15 'assessment of development results' per year and a number of thematic evaluations. The approved programme of work is aligned with the extended strategic plan. The coverage is selective and is intended to provide evaluative evidence to conduct a summative assessment of the extended strategic plan at the end of the period. The programme of work strengthens the evaluation function by extending the coverage, providing guidance in evaluation methodology, and managing the quality assurance mechanism of decentralized evaluations. It is possible that some planned evaluations may not be carried out because of security and/or political issues in particular regions.

198. *Accountability and funding levels.* The Evaluation Office is accountable for this function across the organization. As targeted, nine assessment of development results evaluations were completed, and six thematic evaluations were submitted to the Executive Board in 2008. In addition, the quality of the evaluation function was enhanced with the adoption of an external quality assurance system in which each evaluation is reviewed by at least two external reviewers. Table 4 reflects funding levels for this function — $21.7 million in 2008-2009 and $21.2 million in 2010-2011 — incorporating volume decreases of $2.7 million due to efficiency gains, shifts and reductions offset by cost increases of $2.2 million.

Expected key results under function 15

Management results		Indicators		Baseline	Target 2010	Target 2011
F15.1	Independent evaluations conducted according to the annual evaluation agenda approved by the Executive Board	F15.1.a	Percentage of independent evaluations completed according to evaluation plan approved by Executive Board *Source*: Evaluation database	85 per cent (17 out of 20 evaluations) (2009)	90%	90%

Function 16. Staff security

199. *Definition and description.* The purpose of function 16 is to ensure a safe, secure environment for UNDP personnel and facilities so that programmes may be planned and implemented effectively. This also entails building an enabling environment for safe programme delivery, ensuring staff safety and security, and reducing the number of staff who are detained, injured or killed.

200. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources. Results are produced through delivery of efficient and cost-effective security provisions for staff, including establishing and maintaining policies and systems of security management and accountability. Security performance targets for the strategic plan are based on progressive efforts to achieve greater compliance with the minimum operating security standards in all operations. The percentage of country offices that were fully compliant reached almost 84 per cent, a 10 per cent increase from early 2008. This is a significant achievement since every change in a security situation requires a compliance update based on a new security risk assessment. All remaining situations are under scrutiny and involve consultations with host governments on temporary security measures and/or options for long-term solutions for full compliance. In response to increased global threats and expanding involvement in crisis countries, UNDP is implementing business continuity management to ensure that key services continue to be delivered, while maintaining the safety and security of staff. This includes the initial preparation of business continuity plans by all organizational units and subsequent annual reviews.

201. *Accountability and funding levels.* Accountability for results in this function rests with the Security Office. In 2008, country office compliance with the minimum operating safety standards reached 84 per cent, up from 67 per cent in 2007. All country offices completed or updated threat and risk assessments. For two security emergencies (Myanmar and Haiti) during 2008, first response time was under 48 hours. Table 4 reflects funding levels for this function – $7.2 million in 2008-2009 and $6.7 million in 2010-2011 – incorporating volume decreases of $0.9 million due to efficiency gains, shifts and reductions offset by cost increases of $0.4 million.

Expected key results under function 16

Management results		Indicators		Baseline	Target 2010	Target 2011
F16.1	Enhanced security for staff and a safer environment for programme delivery	F16.1.a	Percentage of country offices meeting minimum operating security standards *Source:* Executive balanced scorecard	83.6% (2008)	90%	93%
		F16.1.b	Percentage of country offices meeting Business Continuity Plan requirements *Source:* Executive balanced scorecard	60% (2008)	90%	95%

Function 17. Support to United Nations Development Coordination

202. *Definition and description.* The mandated work of UNDP, dating back to earlier resolutions of the General Assembly on the triennial comprehensive policy review, and reconfirmed most recently in resolution 62/208, firmly underscored UNDP as the manager of the resident coordinator system and reaffirmed that the resident coordinator system, within the framework of national ownership, has a key role to play in the effective and efficient functioning of the United Nations system at the country level.

203. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on UNDP support to strengthening United Nations system-wide coherence. Expected key results are derived therein and summarized in the management matrix. This function could be affected by intergovernmental processes and Executive Board decisions requiring a shift in course and change in coordination goals. The report on the operationalization of the UNDP strategic plan, 2008-2011 (DP/2009/11) presents key achievements with respect to United Nations development coordination results. The critical issues and lessons derived therefrom will inform the priorities of UNDP and DOCO during 2010-2011. The results framework has therefore

been refined and streamlined to further clarify results that are within UNDP and DOCO areas of responsibility. Hence, it focuses on enhancing UNDP management of the resident coordinator system and proposes indicators supported by internal and external perspectives. In this regard, the management and accountability system of the United Nations development and resident coordinator system, including the 'functional firewall' for the resident coordinator system, and implementation plan endorsed by the United Nations development group (UNDG) clarify mutual accountabilities within the UNDG for ensuring an effective, inclusive, and accountable resident coordinator system. The response to issues raised therein specifically pertaining to UNDP responsibilities serve as the indicator (F17.1.a). Partner satisfaction with UNDP support of the resident coordinator system is also considered a critical indicator (F17.1.b) and is derived from the Partners Survey. This survey addresses a series of questions to UNDP country level partners which cover the following elements: (a) strengthening the role of the resident coordinator system by appointing effective resident coordinators who can act on behalf of the United Nations family; (b) advocating a common United Nations view/position on important development issues; (c) coordinating and harmonizing United Nations programmes through the development of, contribution to, and implementation of United Nations Development Assistance Frameworks (UNDAFs); (d) enabling the United Nations system to respond quickly and effectively to natural or man-made crises; and (e) exercising its dual programmatic/operational role and development coordination role in a responsible manner. Joint ownership of the resident coordinator system remains a high priority for UNDP. The key indicator for monitoring this will be a continuous increase in the number of resident coordinators from other United Nations organizations (F17.2.a). Common operational procedures that enhance United Nations system coherence, reduce transaction costs and increase programme effectiveness are critical to the success of United Nations country teams (F17.3.a), and this will remain a priority for DOCO during 2010-2011.

204. *Accountability and funding levels.* The function is coordinated at headquarters by DOCO, which provides coordination and support to UNDG. Regional bureaux, the Partnerships Bureau, BOM and BDP contribute to ensuring that substantive, operational and financial dimensions of this function are adequately supported. Ultimately, UNDP country offices are accountable for providing direct support to the operational activities of the United Nations system. During 2008, United Nations development coordination was further enhanced in the programmatic and operational areas. On the programmatic side, 61 joint programmes were established through the Millennium Development Goal Spain Achievement Fund. The management of the resident coordinator system was further streamlined with the completion and endorsement of the resident coordinator job description and the resident coordinator/United Nations country team performance appraisal guidelines. In addition, during 2008 UNDP contributed to the implementation of 57 triennial comprehensive policy review action points. Table 4 reflects funding levels for this function – $154.9 million in 2008-2009 and $166.8 million in 2010-2011 – incorporating volume decreases of $6.8 million in 2008-2009 due to efficiency gains, shifts and reductions offset by cost increases of $18.7 million.

Expected key results under function 17

Management results		Indicators		Baseline	Target 2010	Target 2011
F17.1	UNDP management of the resident coordinator system enhanced	F17.1.a	Percentage of completed issues for UNDP action in the Management and Accountability System Report and Implementation Plan *Source*: Partnerships Bureau balanced scorecard	To be determined with the first UNDG annual report of the management and accountability system in 2009	80%	90%

		F17.1.b	Partner satisfaction with UNDP management of the resident coordinator system *Source:* Partnerships Bureau balanced scorecard	New in 2009	To be determined	To be determined
F17.2	Strengthened ownership of the resident coordinator system by the United Nations development system	F17.2.a	Percentage of resident coordinators from other United Nations organizations *Source:* Annual reports on the operationalization of the strategic plan	33% (March 2009)	40%	40%
F17.3	Effective guidance on programming and common business operations provided to the United Nations country team	F17.3.a	User satisfaction with DOCO guidance and support on programming *Source:* Products and services survey	New in 2009	To be determined	To be determined
		F17.3.b	User satisfaction with DOCO guidance and support on common business operations *Source:* Products and services survey	New in 2009	To be determined	To be determined

Function 18. Special purpose activities – non-UNDP operations administered by UNDP

205. *Definition and description.* The UNV programme and UNCDF fall under function 18. This function covers the management activities that support UNV and UNCDF results in their areas of development expertise in the four focus areas, and approaches for development effectiveness contained in the extended strategic plan, as well as the broader context of the United Nations system. In resolution 1521, the General Assembly agreed in principle to establish a United Nations capital development fund; resolution 2186 formally established UNCDF to assist developing countries achieve accelerated and self-sustained economic growth. Accordingly, UNCDF was designated as a fund administered by UNDP.

206. *Issues and narrative.* This function supports results outlined in the extended strategic plan in the chapters on UNDP operations and managing for results: accountability, risks, and resources, specifically with respect to the unique contributions of the UNV programme and UNCDF. General Assembly resolution 60/134 reaffirmed volunteerism as an important component of poverty reduction strategies and requested the UNV programme to continue its efforts to raise awareness of volunteerism; increase reference and networking resources; provide technical cooperation to developing countries in the field of volunteerism; and enhance cooperation.

207. At its annual session, 2008, the Executive Board reviewed the report of the Administrator on the United Nations Volunteers programme (DP/2008/35). The report highlighted results achieved in areas where UNV is making distinctive contributions to programme countries and United Nations system-wide efforts towards peace and development, including the Millennium Development Goals. The continued expansion of the scope and complexity of United Nations Volunteers programme activities, progress made in operationalizing its business model and reporting on results, and the related alignment of staff, resources and programming were acknowledged by the Executive Board. In 2008, 7,753 United Nations Volunteers of 157 nationalities carried out 7 963 assignments in 133 different countries. The financial equivalent of all activities in the broader United Nations system context reached $208 million. The success of the UNV programme in promoting volunteerism for development, including the mobilization of volunteers, is projected to stabilize in 2010 as a result of the change management process in 2009, and then expected to grow thereafter in 2011. Online volunteering is expected to consistently grow over the 2010-2011 period.

208. In United Nations Capital Development Fund – UNDP strategic partnership (DP/2009/20), UNCDF provided details of its partnership with UNDP, highlighting efforts by both organizations that resulted in strong synergies at the strategic, programmatic and operational level. Key elements include: (a) the integration of their strategic planning and overall results frameworks within the framework of the extended strategic plan; (b) integration of UNCDF contributions in its two practice areas (decentralization and local development, and inclusive finance) into United Nations common country programming processes and frameworks; (c) establishment of joint programmes as primary modality for cooperation between UNDP and UNCDF at country level and as basis for joint resource mobilization activities; and (d) rationalization of management and operations at headquarters, and regional and country levels.

209. *Accountability and funding levels.* UNV and UNCDF are accountable for providing effective support to programme countries in their areas of development expertise. The UNCDF practice areas, local development and microfinance were effectively integrated into the United Nations common country programming processes and frameworks of 31 least developed countries during 2008, an increase from 28 least developed countries in 2006. UNV achieved the 2008 target of 3 per cent growth in UNV volunteers: 7 753 volunteers completed 7 991 assignments and 3 724 online volunteers completed 5 231 assignments. In December 2008, the upgraded online volunteering service was launched in English, French and Spanish. Table 4 reflects funding levels for this function – $50.7 million in 2008-2009 and $50.4 million in 2010-2011 – incorporating volume decreases of $7.4 million offset by cost increases of $7.1 million.

Expected key results under function 18

Management results		Indicators		Baseline	Target 2010	Target 2011
F18.1	Quality of UNV contributions to development effectiveness in its areas of expertise enhanced	F18.1.a	Level of inclusion of volunteering as a component of national development strategies common country assessment / UNDAF and development partners' operational programmes *Source:* UNV database	40 (2008)	Evidence in 50 programme countries	Evidence in 55 programme countries
		F18.1.b	Number of UNVs and other volunteers associated with UNV mobilized for Millennium Development Goal activities and peacebuilding *Source:* UNV database	Volunteer assignments on site: 7 963 online: 4 627 (2008)	on site: 8 000 online: 5 750	on site: 8 500 online: 7 250
F18.2	Quality of UNCDF contributions to development effectiveness in its areas of expertise enhanced	F18.2.a	Number of least developed countries in which UNCDF contributions are integrated in the United Nations country level programming framework *Source:* UNCDF scorecard	31 least developed countries (2008)	32	35
		F18.2.b	Non-core income received by UNCDF for joint programmes in which both UNDP and UNCDF are involved *Source:* UNCDF scorecard	$15.4 million (2008)	$18 million	$20 million

Function 19. Special-purpose activities - provision of services to other United Nations entities on a fully reimbursable basis

210. *Definition and description.* Function 19 covers the provision by country offices and headquarters units of common and shared services, administrative/transactional/ad hoc support services and institutional-level services to United Nations organizations, and the full recovery of all associated service costs through specific cost recovery mechanisms.

211. *Issues and narrative.* This function supports the results outlined in the extended strategic plan in the chapter on Managing for results: accountability, risks, and resources. This function ensures the delivery of quality and timely services to United Nations entities, as well as the full and timely reimbursement for such services.

212. *Accountability and funding levels.* Accountability for this function rests with the concerned headquarters units and country offices, which provide reimbursable services. During 2008-2009, 16 service level agreements were signed and 17 existing service level agreements were extended. Table 6 reflects funding levels for this function on a fully reimbursable basis of $58 million in 2008-2009 and $62 million in 2010-2011.

Expected key results under function 19

Management results		Indicators		Baseline	Target 2010	Target 2011
F19.1	Services are billed and payments received in an accurate and timely manner	F19.1.a	Income for institutional-level reimbursable services recovered *Source:* BOM balanced scorecard	$17.1 million (2008)	$20 million	$20 million
		F19.1.b	Income for country office level reimbursable services recovered. *Source:* BOM balanced scorecard	$8.1 million (2008)	$10 million	$11 million

Summary table 1. Regional resource plan

(in millions of dollars, nominal)

Use of resources	2008-2009								2010-2011							
	Regular resources $	Regular resources income utilization $	Bilateral/ Multilateral other resources $	Subtotal donor resources $	%	Local resources $	%	Total resources $	%	Regular resources $	Regular resources income utilization $	Bilateral/ Multilateral other resources $	Subtotal donor resources $	%	Local resources $	%	Total resources $	%
AFRICA																	
A1. Programmes (development activities)	695.2		1,340.4	2,035.6		268.3		2,303.9		700.0		1,608.5	2,308.5		254.9		2,563.4	
A2. Development effectiveness (development activities)	77.1		16.7	93.8		1.2		95.0		79.3		25.8	105.1		1.0		106.1	
B. Management activities	88.3	15.2	23.6	126.9		2.4		129.3		97.7	15.3	33.8	146.8		1.9		148.7	
Total Africa	860.4	15.2	1,380.7	2,256.3	28.8	271.9	10.3	2,528.2	24.1	877.0	15.3	1,668.1	2,560.4	28.2	257.8	10.3	2,818.2	24.3
ARAB STATES																	
A1. Programmes (development activities)	97.0		685.8	782.8		127.9		910.7		98.8		823.0	921.8		121.5		1,043.3	
A2. Development effectiveness (development activities)	16.5		10.5	27.0		1.0		28.0		21.2		16.3	37.5		0.8		38.3	
B. Management activities	21.8	11.7	19.8	53.3		1.9		55.2		21.8	11.7	28.5	62.0		1.5		63.5	
Total Arab States	135.3	11.7	716.1	863.1	11.0	130.8	5.0	993.9	9.5	141.8	11.7	867.8	1,021.3	11.2	123.8	5.0	1,145.1	9.9
ASIA AND THE PACIFIC																	
A1. Programmes (development activities)	463.4		1,376.6	1,840.0		44.3		1,884.3		467.0		1,651.9	2,118.9		42.1		2,161.0	
A2. Development effectiveness (development activities)	35.8		15.7	51.5		0.2		51.7		36.5		24.3	60.8		0.2		61.0	
B. Management activities	46.4	9.6	27.5	83.5		0.4		83.9		45.9	9.6	39.5	95.0		0.3		95.3	
Total Asia and the Pacific	545.6	9.6	1,419.8	1,975.0	25.2	44.9	1.7	2,019.9	19.3	549.4	9.6	1,715.7	2,274.7	25.0	42.6	1.7	2,317.3	20.0
LATIN AMERICA AND THE CARIBBEAN																	
A1. Programmes (development activities)	65.0		479.7	544.7		1,992.3		2,537.0		66.7		575.6	642.3		1,892.7		2,535.0	
A2. Development effectiveness (development activities)	18.9		9.6	28.5		18.1		46.6		23.6		14.9	38.5		15.8		54.3	
B. Management activities	26.5	14.4	17.2	58.1		35.7		93.8		23.1	14.5	24.7	62.3		28.7		91.0	
Total Latin America and the Caribbean	110.4	14.4	506.5	631.3	8.0	2,046.1	77.4	2,677.4	25.5	113.4	14.5	615.2	743.1	8.2	1,937.2	77.5	2,680.3	23.1
EUROPE AND THE COMMONWEALTH OF INDEPENDENT STATES																	
A1. Programmes (development activities)	96.7		526.5	623.2		107.3		730.5		98.5		631.8	730.3		101.9		832.2	
A2. Development effectiveness (development activities)	20.8		12.3	33.1		1.2		34.3		21.5		19.2	40.7		1.0		41.7	
B. Management activities	31.2	7.2	22.5	60.9		2.3		63.2		34.4	7.2	32.4	74.0		1.8		75.8	
Total Europe and the Commonwealth of Independent States	148.7	7.2	561.3	717.2	9.1	110.8	4.2	828.0	7.9	154.4	7.2	683.4	845.0	9.3	104.7	4.2	949.7	8.2
INTERCOUNTRY, GLOBAL AND OTHERS																	
A1. Programmes (development activities)	87.2		547.0	634.2				634.2		87.2		656.4	743.6				743.6	
A2. Development effectiveness (development activities)	9.0		-	9.0				9.0		9.0		-	9.0				9.0	
B. Management activities	21.6	1.2	31.9	54.7				54.7		41.1	1.2	45.9	88.2				88.2	
Total intercountry, global and others	117.8	1.2	578.9	697.9	8.9	-	-	697.9	6.7	137.3	1.2	702.3	840.8	9.3	-	-	840.8	7.3
CENTRALLY MANAGED SUPPORT																	
B. Management activities	238.2	8.6	34.7	281.5	3.6	16.8	0.6	298.3	2.8	234.8	8.6	49.8	293.2	3.2	13.4	0.5	306.6	2.6
TOTAL UNDP																	
A1. Programmes (development activities)	1,504.5		4,956.0	6,460.5	82.3	2,540.1	96.1	9,000.6	85.8	1,518.2		5,947.2	7,465.4	82.2	2,413.1	96.5	9,878.5	85.3
A2. Development effectiveness (development activities)	178.1		64.8	242.9	3.1	21.7	0.8	264.6	2.5	191.1		100.5	291.6	3.3	18.8	0.8	310.4	2.7
B. Management activities	473.8	67.9	177.2	718.9	9.2	59.5	2.3	778.4	7.4	498.8	68.1	254.6	821.5	9.0	47.6	1.9	869.1	7.5
C. United Nations development coordination activities	186.6	0.3	73.5	260.4	3.3	14.1	0.5	274.5	2.6	198.5	0.3	96.1	294.9	3.2	12.0	0.5	306.9	2.7
D. Special purpose activities	104.2	6.7	54.1	165.0	2.1	6.7	0.3	171.7	1.6	121.2	6.7	79.4	207.3	2.3	8.3	0.3	215.6	1.9
GRAND TOTAL	**2,447.2**	**74.9**	**5,325.6**	**7,847.7**	**100.0**	**2,642.1**	**100.0**	**10,489.8**	**100.0**	**2,527.8**	**75.1**	**6,477.8**	**9,080.7**	**100.0**	**2,499.8**	**100.0**	**11,580.5**	**100.0**

Summary table 2. Proposed changes in senior posts

	Senior posts			
	ASG and above	*D2*	*D1*	*Total*
2008-2009 APPROVED POSTS (A)	**10**	**73**	**175**	**258**
Increases/decreases (B)				
Increases in context of strategic investments				
Chief, BCPR/Conflict Prevention and Recovery			1	1
Chief, BCPR/Risk Reduction and Recovery			1	1
Chief, BCPR/Early Recovery			1	1
Decreases in context of budget reductions and shifts				
Country Director, Afghanistan		(1)		(1)
Resident Coordinator, Bulgaria			(1)	(1)
Subtotal proposed increases /decreases (B)	-	**(1)**	**2**	**1**
Reclassifications (C)				
Headquarters:				
Advisor, Partnerships Bureau			(1)	(1)
Chief, BoM/Security Office		1	(1)	-
Country Offices:				
Resident Coordinator, Zimbabwe		1	(1)	-
Resident Coordinator, Turkey		(1)	1	-
Subtotal reclassifications (C)	-	**1**	**(2)**	**(1)**
Subtotal changes - net (= B + C)	-	-	-	-
2010 - 2011 PROPOSED POSTS (D = A + B + C)	**10**	**73**	**175**	**258**

Summary table 3. Budget estimates by expense category for regular resources
(in millions of dollars, nominal)

	2008-2009 estimates	Volume $	Volume %	Cost	2010-2011 estimates
Posts	579.5	(16.9)	-2.9%	79.5	642.1
Other staff costs	2.3	(0.1)	-4.3%	0.3	2.5
Consultants	11.9	(1.4)	-11.8%	0.8	11.3
Travel	33.8	(3.4)	-10.1%	0.7	31.1
Operating expenses	166.1	(17.3)	-10.4%	8.4	157.2
Furniture	20.8	(2.1)	-10.1%	0.5	19.2
Reimbursements/ contributions	39.2	(0.5)	-1.3%	1.3	40.0
Gross total	853.6	(41.7)	-4.9%	91.5	903.4
Income to the biennial support budget	(74.9)	(0.2)	0.3%	-	(75.1)
Net total	778.7	(41.9)	-5.4%	91.5	828.3

Summary table 4. Budget estimates by function for other resources

(in millions of dollars, nominal)

			2008-2009 estimates adjusted for harmonized functional allocation e/	Impact of cost classification per decision 2009/22	2008-2009 adjusted estimates	2010-2011 estimates		
						Change Amount	%	2010-2011 estimates
A. Biennial budget								
1	Executive direction and leadership		3.3	-	3.3	0.9	27%	4.2
2	Representation and advancement of the core mandate		3.7	-	3.7	1.3	35%	5.0
3	Corporate policy and strategy development, planning and guidance		15.5	-	15.5	5.0	32%	20.5
4a	Programme guidance, management and oversight	a/	50.8	-	50.8	19.1	38%	69.9
4b	Programme guidance, management and oversight	b/	86.5	(86.5)	-	-		-
4c	Programme guidance, management and oversight	c/	56.0	(56.0)	-	-		-
5	Procurement and supply management		3.6	-	3.6	1.0	28%	4.6
6	Crisis prevention, recovery and emergency management		0.5	-	0.5	0.0	5%	0.5
7	External relations and partnerships		7.3	-	7.3	3.3	45%	10.6
8	Internal and external communications: media and public relations		6.4	-	6.4	0.6	9%	7.0
9	Resources mobilization		2.0	-	2.0	0.2	10%	2.2
10	Financial management		31.7	-	31.7	4.7	15%	36.4
11	Information and communications technology		25.8	-	25.8	9.5	37%	35.3
12	General administrative management		38.5	-	38.5	9.0	23%	47.5
13	Human resources		40.6	-	40.6	10.0	25%	50.6
14	Audit and investigations		4.7	-	4.7	0.6	13%	5.3
15	Corporate evaluation		1.0	-	1.0	0.1	10%	1.1
16	Staff security		1.3	-	1.3	0.2	15%	1.5
subtotal			379.2	(142.5)	236.7	65.5	28%	302.2
B. Support to operational activities of the United Nations								
	United Nations Development Operations Coordination Office	c/	1.7	(1.7)	-	-		-
C. Support to other programmes and funds								
18	United Nations Volunteers	d/	14.9	(14.9)	-	-		-
D. Reimbursable services to other UN organizations								
19	Reimbursable services to other United Nations organizations	d/	25.9	(25.9)	-	-		-
		subtotal management activities			236.7	65.5	28%	302.2
		Development activities:						
	Development effectiveness							
	Development effectiveness activities	b/	N/A	86.5	86.5	32.8	38%	119.3
		subtotal		86.5	86.5	32.8	38%	119.3
		United Nations development coordination activities:						
	United Nations development coordination							
	Country offices	c/	N/A	56.0	56.0	20.2	36%	76.2
	United Nations Development Operations Coordination Office	c/	N/A	1.7	1.7	0.2	12%	1.9
		subtotal		57.7	57.7	20.4	35%	78.1
		Special purpose activities:						
	Special Purpose activities - non-UNDP operations administered by UNDP							
	United Nations Volunteers	d/	N/A	14.9	14.9	3.4	23%	18.3
	Reimbursable services to other United Nations organizations	d/	N/A	25.9	25.9	15.0	58%	40.9
		subtotal		40.8	40.8	18.4	45%	59.2
Total extra-budgetary resources (A+B+C+D)			421.7	-	421.7	137.1	33%	558.8

a/ Management activities related to programme guidance and oversight and programme management
b/ Development effectiveness activities related to programme development and implementation and programme policy advisory services
c/ United Nations development coordination activities related to the in-country coordination function mandated by the General Assembly and in-country development activities supporting UNDP participation in the United Nations country team
d/ Special purpose activities related to non-UNDP operations administered by UNDP
e/ UNDP, UNICEF and UNFPA agreed to further harmonize the allocation of resources between the 16 management functions. The 2008-2009 estimates have been adjusted accordingly to include adoption of the whole post distribution methodology in line with the results of the country office cost classification review

Summary table 5. Posts by location - total resources

Source of funds/ Organizational unit	International professional category and above					All other	Grand Total
	USG ASG	D2	D1	Other IP	Total		
I Management							
I Country offices							
Africa							
2008-2009							
Regular resources	0	13	42	95	150	607	757
Other resources related to programme	0	0	0	3	3	223	226
Total	0	13	42	98	153	830	983
2010-2011							
Regular resources	0	15	41	97	153	540	693
Other resources related to programme	0	0	0	2	2	253	255
Total	0	15	41	99	155	793	948
Arab States							
2008-2009							
Regular resources	0	7	14	21	42	143	185
Other resources related to programme	0	0	0	7	7	126	133
Total	0	7	14	28	49	269	318
2010-2011							
Regular resources	0	7	14	18	39	139	178
Other resources related to programme	0	0	0	9	9	129	138
Total	0	7	14	27	48	268	316
Asia and the Pacific							
2008-2009							
Regular resources	0	12	23	45	80	380	460
Other resources related to programme	0	0	0	14	14	269	283
Total	0	12	23	59	94	649	743
2010-2011							
Regular resources	0	11	23	34	68	365	433
Other resources related to programme	0	1	0	18	19	273	292
Total	0	12	23	52	87	638	725
Latin America and the Caribbean							
2008-2009							
Regular resources	0	7	22	23	52	137	189
Other resources related to programme	0	0	1	5	6	246	252
Total	0	7	23	28	58	383	441
2010-2011							
Regular resources	0	7	22	19	48	125	173
Other resources related to programme	0	0	1	7	8	258	266
Total	0	7	23	26	56	383	439
Europe and the Commonwealth of Independent States							
2008-2009							
Regular resources	0	4	19	28	51	196	247
Other resources related to programme	0	0	0	12	12	192	204
Total	0	4	19	40	63	388	451
2010-2011							
Regular resources	0	3	19	27	49	167	216
Other resources related to programme	0	0	0	12	12	192	204
Total	0	3	19	39	61	359	420
Country offices - Central							
2008-2009							
Regular resources	0	1	4	9	14	140	154
Other resources related to programme	0	0	0	1	1	48	49
Total	0	1	4	10	15	188	203
2010-2011							
Regular resources	0	2	3	21	26	126	152
Other resources related to programme	0	0	0	1	1	48	49
Total	0	2	3	22	27	174	201
Total I.1 Management - Country offices							
2008-2009							
Regular resources	0	44	124	221	389	1 603	1 992
Other resources related to programme	0	0	1	42	43	1 104	1 147
Total - I.1	0	44	125	263	432	2 707	3 139
2010-2011							
Regular resources	0	45	122	216	383	1 462	1 845
Other resources related to programme	0	1	1	49	51	1 153	1 204
Total - I.1	0	46	123	265	434	2 615	3 049

Summary table 5. Posts by location - total resources, cont'd

Source of funds/ Organizational unit	International professional category and above						
	USG ASG	D2	D1	Other IP	Total	All Other	Grand Total
2 Headquarters							
Executive Office							
2008-2009							
Regular resources	2	2	2	7	13	8	21
Other resources related to programme	0	1	1	7	9	5	14
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	2	3	3	14	22	13	35
2010-2011							
Regular resources	2	2	2	5	11	7	18
Other resources related to programme	0	1	1	7	9	5	14
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	2	3	3	12	20	12	32
Bureau for Crisis Prevention and Recovery							
2008-2009							
Regular resources	1	1	2	9	13	4	17
Other resources related to programme	0	0	1	4	5	5	10
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	3	13	18	9	27
2010-2011							
Regular resources	1	1	5	16	23	10	33
Other resources related to programme	0	0	1	4	5	5	10
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	6	20	28	15	43
Special Unit for South-South Cooperation							
2008-2009							
Regular resources	0	1	1	4	6	4	10
Other resources related to programme	0	0	0	1	1	0	1
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	5	7	4	11
2010-2011							
Regular resources	0	1	1	4	6	3	9
Other resources related to programme	0	0	0	1	1	0	1
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	5	7	3	10
Regional Bureau for Africa							
2008-2009							
Regular resources	1	2	3	10	16	16	32
Other resources related to programme	0	0	1	7	8	23	31
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	2	4	17	24	39	63
2010-2011							
Regular resources	1	1	3	9	14	14	28
Other resources related to programme	0	0	1	7	8	23	31
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	4	16	22	37	59
Regional Bureau for Arab States							
2008-2009							
Regular resources	1	1	2	3	7	6	13
Other resources related to programme	0	0	1	6	7	3	10
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	3	9	14	9	23
2010-2011							
Regular resources	1	1	2	2	6	5	11
Other resources related to programme	0	0	1	6	7	3	10
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	3	8	13	8	21
Regional Bureau for Asia and the Pacific							
2008-2009							
Regular resources	1	1	3	7	12	9	21
Other resources related to programme	0	0	0	2	2	14	16
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	3	9	14	23	37
2010-2011							
Regular resources	1	1	3	5	10	7	17
Other resources related to programme	0	0	0	4	4	16	20
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	3	9	14	23	37

Summary table 5. Posts by location - total resources, cont'd

Source of funds/ Organizational unit	International professional category and above						
	USG ASG	D2	D1	Other IP	Total	All Other	Grand Total
Regional Bureau for Latin America and the Caribbean							
2008-2009							
Regular resources	1	1	1	4	7	6	13
Other resources related to programme	0	0	1	8	9	17	26
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	2	12	16	23	39
2010-2011							
Regular resources	1	1	1	3	6	3	9
Other resources related to programme	0	0	1	8	9	20	29
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	2	11	15	23	38
Regional Bureau for Europe and the Commonwealth of Independent States							
2008-2009							
Regular resources	1	1	1	5	8	8	16
Other resources related to programme	0	0	0	4	4	3	7
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	1	9	12	11	23
2010-2011							
Regular resources	1	1	1	5	8	7	15
Other resources related to programme	0	0	0	4	4	3	7
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	1	1	9	12	10	22
Bureau for Development Policy							
2008-2009							
Regular resources	1	6	3	14	24	11	35
Other resources related to programme	0	0	1	3	4	7	11
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	6	4	17	28	18	46
2010-2011							
Regular resources	1	6	4	15	26	11	37
Other resources related to programme	0	0	1	3	4	7	11
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	1	6	5	18	30	18	48
Evaluation Office							
2008-2009							
Regular resources	0	1	1	15	17	5	22
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	15	17	5	22
2010-2011							
Regular resources	0	1	1	15	17	6	23
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	15	17	6	23
Ethics Office							
2008-2009							
Regular resources	0	0	1	0	1	1	2
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	1	0	1	1	2
2010-2011							
Regular resources	0	0	1	1	2	1	3
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	1	1	2	1	3
Office of Audit and Investigations - Headquarters							
2008-2009							
Regular resources	0	1	2	12	15	7	22
Other resources related to programme	0	0	0	8	8	3	11
Other resources related to reimb...ment	0	0	0	0	0	0	0
Total	0	1	2	20	23	10	33
2010-2011							
Regular resources	0	1	2	12	15	6	21
Other resources related to programme	0	0	0	8	8	3	11
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	2	20	23	9	32

Summary table 5. Posts by location - total resources, cont'd

Source of funds/ Organizational unit	International professional category and above: USG/ASG	D2	D1	Other IP	Total	All Other	Grand Total
Office of Audit and Investigations - Country offices							
2008-2009							
Regular resources	0	0	0	26	26	5	31
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	0	26	26	5	31
2010-2011							
Regular resources	0	0	0	26	26	5	31
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	0	26	26	5	31
Partnerships Bureau							
2008-2009							
Regular resources	0	3	10	23	36	24	60
Other resources related to programme	1	0	6	28	35	9	44
Other resources related to reimbursement	0	0	0	1	1	3	4
Total	1	3	16	52	72	36	108
2010-2011							
Regular resources	0	3	8	31	42	32	74
Other resources related to programme	1	0	6	28	35	10	45
Other resources related to reimbursement	0	0	0	1	1	3	4
Total	1	3	14	60	78	45	123
Bureau of Management							
2008-2009							
Regular resources	1	5	12	48	66	49	115
Other resources related to programme	0	0	2	95	97	57	154
Other resources related to reimbursement	0	0	0	50	50	85	137
Total	1	5	14	193	213	191	406
2010-2011							
Regular resources	1	5	12	53	71	49	120
Other resources related to programme	0	0	3	84	87	56	143
Other resources related to reimbursement	0	0	0	57	57	92	149
Total	1	5	15	194	215	197	412
Headquarters - Central							
2008-2009							
Regular resources	0	0	0	0	0	2	2
Other resources related to programme	0	0	0	1	1	0	1
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	0	1	1	2	3
2010-2011							
Regular resources	0	0	0	0	0	2	2
Other resources related to programme	0	0	0	1	1	1	2
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	0	0	1	1	3	4
Total 1.2 Management - Headquarters							
2008-2009							
Regular resources	10	26	44	187	267	165	432
Other resources related to programme	1	1	14	174	190	146	336
Other resources related to reimbursement	0	0	0	51	51	88	141
Total - 1.2	11	27	58	412	508	399	909
2010-2011							
Regular resources	10	25	46	202	283	168	451
Other resources related to programme	1	1	15	165	182	152	334
Other resources related to reimbursement	0	0	0	58	58	95	153
Total - 1.2	11	26	61	425	523	415	938
Total: 1 Management							
2008-2009							
Regular resources	10	70	168	408	656	1 768	2 424
Other resources related to programme	1	1	15	216	233	1 250	1 483
Other resources related to reimbursement	0	0	0	51	51	88	141
Total - 1	11	71	183	675	940	3 106	4 048
2010-2011							
Regular resources	10	70	168	418	666	1 630	2 296
Other resources related to programme	1	2	16	214	233	1 305	1 538
Other resources related to reimbursement	0	0	0	58	58	95	153
Total - 1	11	72	184	690	957	3 030	3 987

Summary table 5. Posts by location - total resources, cont'd

Source of funds Organizational unit	International professional category and above USG ASG	D2	D1	Other IP	Total	All Other	Grand Total
II Development Effectiveness							
1 Country offices							
Africa							
2008-2009							
Regular resources	0	0	0	6	6	259	265
Other resources related to programme	0	0	0	1	1	104	105
Total	0	0	0	7	7	363	370
2010-2011							
Regular resources	0	0	0	8	8	265	273
Other resources related to programme	0	0	0	1	1	107	108
Total	0	0	0	9	9	372	381
Arab States							
2008-2009							
Regular resources	0	0	0	2	2	56	58
Other resources related to programme	0	0	0	1	1	51	52
Total	0	0	0	3	3	107	110
2010-2011							
Regular resources	0	0	0	5	5	57	62
Other resources related to programme	0	0	0	1	1	51	52
Total	0	0	0	6	6	108	114
Asia and the Pacific							
2008-2009							
Regular resources	0	0	0	3	3	165	168
Other resources related to programme	0	0	0	5	5	116	121
Total	0	0	0	8	8	281	289
2010-2011							
Regular resources	0	0	0	6	6	171	177
Other resources related to programme	0	0	0	5	5	116	121
Total	0	0	0	11	11	287	298
Latin America and the Caribbean							
2008-2009							
Regular resources	0	0	0	2	2	80	82
Other resources related to programme	0	0	0	3	3	109	112
Total	0	0	0	5	5	189	194
2010-2011							
Regular resources	0	0	0	2	2	80	82
Other resources related to programme	0	0	0	3	3	110	113
Total	0	0	0	5	5	190	195
Europe and the Commonwealth of Independent States							
2008-2009							
Regular resources	0	0	0	2	2	87	89
Other resources related to programme	0	0	0	2	2	86	88
Total	0	0	0	4	4	173	177
2010-2011							
Regular resources	0	0	0	1	1	87	88
Other resources related to programme	0	0	0	2	2	86	88
Total	0	0	0	3	3	173	176
Country offices - Central							
2008-2009							
Regular resources	0	0	0	19	19	5	24
Other resources related to programme	0	0	0	0	0	20	20
Total	0	0	0	19	19	25	44
2010-2011							
Regular resources	0	0	0	28	28	6	4
Other resources related to programme	0	0	0	0	0	20	20
Total	0	0	0	28	28	26	54
Total II.1 Development Effectiveness - Country offices							
2008-2009							
Regular resources	0	0	0	34	34	652	686
Other resources related to programme	0	0	0	12	12	486	498
Total - II.1	0	0	0	46	46	1 138	1 184
2010-2011							
Regular resources	0	0	0	50	50	666	716
Other resources related to programme	0	0	0	12	12	490	502
Total - II.1	0	0	0	62	62	1 156	1 218

Summary table 5. Posts by location - total resources, cont'd

Source of funds/ Organizational unit	International professional category and above						
	USG ASG	D2	D1	Other IP	Total	All Other	Grand Total
III. United Nations Development Coordination							
Development Operations Coordination Office							
2008-2009							
Regular resources	0	1	1	3	5	7	12
Other resources related to programme	0	0	0	3	3	1	4
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	6	8	8	16
2010-2011							
Regular resources	0	1	1	2	4	7	11
Other resources related to programme	0	0	0	4	4	1	5
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	1	6	8	8	16
Total III. United Nations Development Coordination							
2008-2009							
Regular resources	0	1	1	3	5	7	12
Other resources related to programme	0	0	0	3	3	1	4
Other resources related to programme	0	0	0	0	0	0	0
Total - III.	0	1	1	6	8	8	16
2010-2011							
Regular resources	0	1	1	2	4	7	11
Other resources related to programme	0	0	0	4	4	1	5
Other resources related to programme	0	0	0	0	0	0	0
Total - III.	0	1	1	6	8	8	16
IV. Special Purpose - Non UNDP activities administered by UNDP							
United Nations Volunteers							
2008-2009							
Regular resources	0	1	3	24	28	162	190
Other resources related to programme	0	0	1	18	19	25	44
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	4	42	47	187	234
2010-2011							
Regular resources	0	1	3	20	24	154	178
Other resources related to programme	0	0	1	19	20	25	45
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	4	39	44	179	223
United Nations Capital Development Fund							
2008-2009							
Regular resources	0	1	3	9	13	9	22
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	3	9	13	9	22
2010-2011							
Regular resources	0	1	3	7	11	5	16
Other resources related to programme	0	0	0	0	0	0	0
Other resources related to reimbursement	0	0	0	0	0	0	0
Total	0	1	3	7	11	5	16
Total IV. Special Purpose - Non UNDP activities administered by UNDP							
2008-2009							
Regular resources	0	2	6	33	41	171	212
Other resources related to programme	0	0	1	18	19	25	44
Other resources related to reimbursement	0	0	0	0	0	0	0
Total - IV	0	2	7	51	60	196	256
2010-2011							
Regular resources	0	2	6	27	35	159	194
Other resources related to programme	0	0	1	19	20	25	45
Other resources related to reimbursement	0	0	0	0	0	0	0
Total - IV	0	2	7	46	55	184	239
Grand total							
2008-2009							
Regular resources	10	73	175	478	736	2 598	3 334
Other resources related to programme	1	1	16	249	267	1 762	2 029
Other resources related to reimbursement	0	0	0	51	51	88	141
Total	11	74	191	778	1 054	4 448	5 504
2010-2011							
Regular resources	10	73	175	497	755	2 462	3 217
Other resources related to programme	1	2	17	249	269	1 821	2 090
Other resources related to reimbursement	0	0	0	58	58	95	153
Total	11	75	192	804	1 082	4 378	5 460

Summary table 6. Organizational units by function

#	Functions	UNDP 2008-2009	UNDP 2010-2011
1	Executive direction and leadership	Executive Office; Posts in the Operations Support Group related to executive direction and leadership	Same as in 2008-2009 Same as in 2008-2009 Ethics Office
2	Representation and advancement of the cause	Regional Bureau Directors; Senior country office representation	Same as in 2008-2009 Same as in 2008-2009
3	Corporate policy and strategy development, planning and guidance	Policy groups in the following organizational units: Bureau for Development Policy, Bureau for Crisis Prevention and Recovery, Operations Support Group, Partnerships Bureau, Bureau of Management Ethics Office	Same as in 2008-2009
4	Programme guidance, management and oversight	Country office activities related to: (a) Overall managerial responsibilities in planning, overseeing, directing and leading the preparation, formulation and approval of country programme documents, country programme action plans, programmes and projects; (b) programme development and implementation – activities related to managing the entire UNDP programme cycle, from the identification, conceptualization and formulation phase to the programme or annual work plans implementation, monitoring, reporting and evaluation phases; (c) – programme policy and advisory services – activities related to the provision of policy and advisory services to UNDP programmes and projects, to include substantive policy advice, substantive analysis, and coordination, economic advisory services, and knowledge transfer in the four UNDP focus areas and cross-cutting areas such as capacity development, gender, and South-South cooperation. Headquarters activities related to implementing UNDP policies and procedures, and positioning UNDP at the country and regional levels, to include oversight and guidance of thematic, country, regional and global programmes (regional bureaux, Bureau for Development Policy, Bureau for Crisis Prevention and Recovery, Operations Support Group)	Same as in 2008-2009 Reclassified to development effectiveness activities Reclassified to development effectiveness activities Same as in 2008-2009
5	Procurement and supply management	Procurement Support Office, Bureau of Management; Advisory committee on procurement, Bureau of Management	Same as in 2008-2009 Same as in 2008-2009
6	Emergency management	Emergency response capacity within Bureau for Crisis Prevention and Recovery (headquarters); Country office level programmatic response to emergency and crisis situations	Same as in 2008-2009 Reclassified as development effectiveness activities
7	External relations and partnerships	Partnerships Bureau (Executive Board secretariat, Private Sector Division, Civil Society Division, United Nations affairs, liaison offices); Posts in other headquarters bureaux and country offices activities related to establishment of strategic partnerships in support of the core mandate of UNDP and positioning the organization globally, regionally and locally	Same as in 2008-2009 Same as in 2008-2009
8	Internal and external communication, media and public relations	Partnerships Bureau (Communications Office); Posts in other headquarters bureaux activities related to communication and public relations	Same as in 2008-2009 Same as in 2008-2009
9	Resource mobilization and fund-raising	Partnerships Bureau (Division for Resource Mobilization)	Same as in 2008-2009
10	Financial management	Bureau of Management (Office for Finance and Administration – Finance units only) Bureau of Management (Office of Planning and Budgeting); Posts in other headquarters bureaux and country offices activities related to financial management	Same as in 2008-2009 Same as in 2008-2009 Same as in 2008-2009
11	Information and communications technology management	Bureau of Management (Office for Information Systems Technology); Posts in other headquarters bureaux and country offices activities related to information and communication technology	Same as in 2008-2009 Same as in 2008-2009
12	General administrative management	Bureau of Management (Office for Finance and Administration – Administration units only); Posts in other headquarters bureaux and country offices activities related to general administration	Same as in 2008-2009 Same as in 2008-2009
13	Human resources management	Bureau of Management (Office for Human Resources); Office of the Ombudsperson; Posts in other headquarters bureaux and country offices Human Resources related activities	Same as in 2008-2009 Same as in 2008-2009 Same as in 2008-2009
14	Audit and investigations	Office of Audit and Investigations	Same as in 2008-2009
15	Corporate evaluation	Evaluation Office	Same as in 2008-2009
16	Staff security	Bureau of Management (Security Office)	Same as in 2008-2009
17	Support to operational activities of the United Nations	Activities related to in-country coordination function mandated by the General Assembly and in-country development activities supporting UNDP participation in the United Nations country team; United Nations Development Operations Coordination Office	Reclassified to United Nations development coordination activities Reclassified to United Nations development coordination activities
18	Support to other programmes and funds	United Nations Volunteers; United Nations Capital Development Fund	Reclassified to special purpose activities Reclassified to special purpose activities
19	Reimbursable services to other United Nations organizations	Posts in the Bureau of Management and the Partnerships Bureau that perform fully reimbursable services to other United Nations organizations	Reclassified to special purpose activities

Summary table 7. General management support waivers granted since Executive Board decision 2007/18

No.	Date	Project/Programme	General management support waiver rate
1	Nov-07	Construction of United Nations House in Viet Nam	4 per cent
2	Dec-07	Contribution to legacy United Nations Economic and Social Commission for Asia and the Pacific trust fund	4 per cent
3	Dec-07	Law and Order trust fund for Afghanistan (Phase IV)	3 per cent
4	Feb-08	Caribbean Regional Technical Assistance Centre (Phase III, multi-donor funded project)	5 per cent
5	Jun-08	Project funding for Somalia support secretariat	5 per cent
6	Aug-08	Law and Order Trust Fund for Afghanistan (Phase V)	5 per cent
7	Sep-08	Sierra Leone Peacebuilding Fund project	5 per cent
8	Nov-08	Support to emergency preparedness in Southern Sudan project	4 per cent
9	Feb-09	Contribution to legacy United Nations Economic and Social Commission for Asia and the Pacific trust fund (Indonesia)	4 per cent
10	Apr-09	UNDP Somalia joint programme on local governance	2 per cent (on a portion of total contribution)

Annex 1

Methodology

1. UNDP prepared its biennial support budget according to the results-based approach, where resources are requested based on planned results to be achieved rather than by input category or by broad strategic objective. To start, management results were established in line with management priorities in the strategic plan. Organizational capacity to deliver the results was then assessed, leading to the identification of priority areas that would require additional or new investments, as well as areas where reductions could be realized. The resulting budget was then stated in 2010-2011 terms, incorporating currency and inflationary factors, as well as salary and entitlement-related adjustments.

Establishing management results

2. The first step in developing the biennial support budget was to define key institutional results, performance indicators, baselines and targets within each of the 19 management functions based on the management priorities in the strategic plan. In order to ensure accountability for delivery of planned results, certain units were designated 'corporate sponsors' for each management function. Corporate sponsors are responsible for leading the process for defining results, performance indicators, baselines and targets within designated management functions, as well as for monitoring, assessing and reporting to senior management on performance against these results. Accountability for delivery of planned results accrues to the concerned operational units at headquarters and country office levels.

Assessment of organizational capacities and identification of volume changes

3. The second step in developing the biennial support budget was to assess organizational capacity to deliver the management results, leading to the identification of priority areas that would require investment, as well as areas where efficiency gains could be realized. Based on this assessment, and using the existing organizational capacity as a base, the real increases or decreases in requirements were calculated and designated as volume changes. Volume changes, as defined, represent the controllable elements in the estimates, which are subject to the executive head's assessment of what resources the organization requires to deliver the results to which it has committed. Such volume changes were calculated at the same price levels as the approved appropriations in order to facilitate comparison with the currently approved base.

Various cost adjustments

4. To the approved appropriations and volume changes are added cost increases or decreases attributable to changes in rates or conditions principally tied to salary and related entitlement cost adjustments. These typically reflect known changes that have occurred in the two years since the preparation of the last biennial support budget. Such cost factors include, for example, decisions of the International Civil Service Commission on a variety of staff entitlements (such as dependency allowance, education grant) and changes in the average step of posts by grade level. These adjustments may also include estimates to cover within-grade increments for staff if the experience of the organization so warrants. Normally, but not exclusively, such cost adjustments apply to staff costs. An example of this type of cost adjustment for operating expenses would be a change in rate per square foot due to relocation of premises.

Currency adjustments

5. Currency adjustments are then calculated, by year, on the total of approved appropriations, volume and various cost adjustments. Currency adjustments represent the difference between the United Nations operational rate of exchange in effect during the time of preparation of the current

biennial support budget and the rate of exchange in effect during the preparation of the proposed budget. This factor is of particular importance given the large number of UNDP country offices where operating costs vary greatly with the strength or weakness of the dollar.

Inflation adjustment

6. To complete the picture and develop the final estimate of requirements for the next biennium, the organization must adjust or estimate inflation over a four-year period. These adjustments are calculated, by year, on the total of approved appropriations, volume and various cost adjustments, as adjusted for currency as follows:

(a) *For the first year of the current biennium to the first year of the proposed biennium.* The existing estimates already embody earlier estimates of inflation. The inflation adjustment for this transition therefore includes:

(i) The difference between the application of earlier estimates and the actual inflation for the first year of the current biennium;
(ii) The difference between the application of earlier estimates and the revised inflation projection for the second year of the current biennium; and
(iii) The inflation projection for the first year of the proposed biennium.

(b) *For the second year of the current biennium to the second year of the proposed biennium.*

(i) As in (a) above;
(ii) As in (a) above;
(iii) As in (a) above; and
(iv) The inflation projection for the second year of the proposed biennium.

7. In order to arrive at these estimates of inflation, four inflation factors for each location are adopted for each year:

(a) The estimated movement of post adjustment for international professional staff;
(b) International travel and common staff costs for international professional staff (this is the same for all locations);
(c) Salaries and common staff costs for local staff, i.e., in the national officer, general service and other categories, which may vary significantly from location to location; and
(d) All other costs, such as operating expenses.

8. Within this general framework, New York and Geneva are treated separately from field offices. For these locations, the rates used are the same as those used by the United Nations unless specific contractual commitments differ.

9. Apart from a limited number of cost elements such as international travel and the common staff costs of international staff, the inflation factors for field offices must be location-specific. Estimates fare compared with past experience and current global patterns and/or information available and published before being applied to the budget estimates.

Annex 2

Terminology

(Terms upon which common agreement has been reached and their corresponding definitions are given below)

Appropriation line (definition similar to those included in the financial regulations of UNDP, UNFPA and UNICEF): A subdivision of the appropriation for which a specific amount is shown in the appropriation decision and within which the executive head of an organization is authorized to make transfers without prior approval.

Augmentation: Incremental capacity above *base structure*, defined subject to the volume of resources managed by the organization and the complexity of operating environment; represents variable costs of the organization. Funding of augmentation is to be proportionately aligned between *regular* and *other resources*.

Base structure: Minimum capacity that the organization needs in order to be able to deliver on its core mandate; represents part of the fixed costs of the organization. The base structure of the organization is always funded from *regular resources* and was introduced in document DP/2003/28.

Biennial support budget: The budget of the organization covering a set of functions that support the operational activities of the organization over a two-year period based on a set of defined results derived from the strategic plan.

Cost (increase/decrease): Any increase or decrease in the cost of a resource input in the budget period compared with that in the previous budget period, arising from changes in costs, prices and exchange rates.

Cost classification: Set of criteria and the process of determining programme implementation vs. administration costs, and clarifying distinctions between those.

Cost, mandatory: Cost of a resource input, or any increase thereof during the *biennial support budget* period, mandated by specific decisions, legislated by the United Nations General Assembly and/or the Executive Board.

Development effectiveness activities: Activities related to programme development and implementation and programme policy advisory services.

Enterprise resource planning: A management information system that integrates and automates business practices associated with the operations of an organization; or multi-module application software that helps an organization to support such systems; or combination of the above.

Extrabudgetary resources: Funds that accrue to the organization as a result of the application of the cost recovery policy to other resources donor-funded projects and programmes for the recovery of general management services provided therein. Also applies to funds recovered for reimbursable services provided to United Nations organizations by UNDP headquarters units and country offices.

Function: A group of activities funded by the biennial support budget that directly supports the management of the organization whose ultimate objective is to ensure development results.

Gross budget: For voluntarily funded organizations, the budget in which staff costs are estimated on a net basis (i.e., exclusive of staff assessment) and all other costs are estimated on a gross basis, i.e., inclusive of income tax payments for staff, total local office costs and costs of services to be rendered.

Local posts: national officer and general service level posts.

Net budget: For voluntarily funded organizations, the budget which reflects estimates of income to be expected which offsets, in whole or in part, the related gross budget estimates.

Other resources: Resources of a voluntarily funded organization, other than regular resources, that are received for a specific programme purpose (other resources relating to programmes) and for the provision of specific services to third parties (other resources relating to reimbursements).

Other resources relating to programmes: Resources of a voluntarily funded organization, other than regular resources, that are received for a specific programme purpose that is consistent with the aims and activities of the organization. These will include voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Other resources relating to reimbursements: Resources of a voluntarily funded organization that are received from third parties to cover the cost of providing specific services not relating to carrying out programmes entrusted to it for implementation.

Practice approach: A culture of knowledge-sharing that facilitates organizational learning, promotes exchange of experiences and ideas, and enables capacity development across a global network. The practice architecture is horizontal (without hierarchies) and all staff can equally participate, contribute and benefit, thereby strengthening the capacity of UNDP to support programme countries.

Prince2: A process-based approach for project management providing an easily tailored and scaleable method for project management, where each process is defined with its key inputs and outputs together with the specific objectives to be achieved and activities to be carried out.

Programmes: Direct inputs needed to achieve the objectives of a specific project or programme for development cooperation. This may typically include experts, support personnel, supplies and equipment, subcontracts, cash assistance and individual or group training.

Programming arrangements: The legal framework containing the principles and parameters for the distribution of regular resources supporting development activities.

Proportionality: State of resource mobilization and deployment, which ensures proportionate funding between *regular* and *other resources* in funding operational costs above the *base structure*.

Proportionality shift: A shift of costs from regular to other resources with the objective of achieving *proportionality*.

Regular resources: Resources of a voluntarily funded organization that is comingled and untied. These will include pledges of voluntary contributions, other governmental or intergovernmental payments, donations from non-governmental sources and related interest earnings and miscellaneous income.

Special purpose activities: Special purpose activities include General Assembly-mandated activities, non-UNDP operations administered by UNDP, and capital investments.

Various cost adjustments: Cost increases/decreases attributable to changes in rates or conditions not tied to currency or annual inflation adjustments.

Volume (increase/decrease): Any increase or decrease in resource requirements attributable to changes in the level or nature of activities carried out by an organization during the current budget period and those proposed for the forthcoming budget period. Volume is expressed using the same cost factors applicable for the approved appropriations to permit direct comparison of these changes relative to the level of activities approved for the current budget period.

Annex 3
Abbreviations and acronyms

BCPR	Bureau for Crisis Prevention and Recovery
BDP	Bureau for Development Policy
BOA	United Nations Board of Auditors
BOM	Bureau of Management
DAC	Development Assistance Committee
DOCO	Development Operations Coordination Office
DSS	United Nations Department of Safety and Security
GLOC	Government contributions to local office costs
IPSAS	International Public Sector Accounting Standards
JIU	Joint Inspection Unit
LEAD	Leadership development programme
OAI	Office of Audit and Investigations
OECD	Organisation for Economic Co-operation and Development
OIST	Office of Information Systems Technology
OPB	Office of Planning and Budgeting
PAPP	Programme of Assistance to the Palestinian People
TRAC	Target for resource assignment from the core
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDG	United Nations Development Group
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNV	United Nations Volunteers